

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

) CASE NO: 23-90086-cml  
)  
) Houston, Texas  
TEHUM CARE SERVICES, INC. )  
Debtor. ) Friday, March 3, 2023  
)  
) 1:01 PM - 5:06 PM  
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TRIAL

BEFORE THE HONORABLE CHRISTOPHER M. LOPEZ  
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

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1                   HOUSTON, TEXAS; FRIDAY, MARCH 3, 2023; 1:01 PM

2                   (Call to Order)

3                   CLERK: All rise.

4                   THE COURT: Please be seated. All righty. Good  
5   afternoon, everyone. This is Judge Lopez. Today is March  
6   the 3rd. I'm going to call the 1:00 case, Tehum Care  
7   Services, Inc., 29-90086.

8                   Let me go ahead and start by taking appearances in  
9   the courtroom, and then I will turn to the folks on the  
10   phone. If you'd give me a second before you start, Mr.  
11   Brookner? I'm just -- I want to see how many folks are on  
12   the line. I've got about 60 people on the line. I'm going  
13   to mute the line, and if you wish to make an appearance, I'm  
14   just going to ask that you hit five star, and once we're  
15   finished with appearances in the courtroom, I will then turn  
16   to the phone and I'll start to unmute the lines. Thank you.

17                  AUTOMATED VOICE: Conference muted.

18                  THE COURT: Mr. Brookner, good afternoon.

19                  MR. BROOKNER: Good afternoon, Your Honor. Jason  
20   Brookner and Amber Carson in the courtroom from Gray Reed.  
21   On the line are our colleagues, Aaron Kaufman and Lydia  
22   Webb, and also on the line is Russell Perry from Ankura who  
23   is our proposed chief restructuring officer.

24                  THE COURT: Okay. Good afternoon. Good afternoon  
25   to all of you. Mr. Shannon, good afternoon. Good to see

1     you.

2                   MR. SHANNON:   Good afternoon, Your Honor.   R.J.  
3     Shannon of Shannon & Lee, LLP.   I'm appearing today on  
4     behalf of a number of people.   So, I'll run through them.  
5     It's Hector Garcia, Jr., Adam Baker, Antonio Reali, David  
6     Wichternman, Jr., Eileen McNamara, Clarence Dean, Paris  
7     Morrigan, and then in conjunction with (indiscernible), PC  
8     who Mr. Knox should be on the -- dialing in.   Also Henry  
9     Snook, Jennifer Power, Ananda Slocum, and Linda Floyd.

10                  THE COURT:   Go ahead.

11                  MR. SHANNON:   And just so you know, Your Honor, we  
12     are just representing them for this motion given the timing.

13                  THE COURT:   Okay.   Thank you.   Mr. Nguyen, good  
14     afternoon.

15                  MR. NGUYEN:   Good afternoon, Your Honor.   Ha  
16     Nguyen for the U.S. Trustee, and also on the screen should  
17     be my colleague, Andrew Jimenez.

18                  THE COURT:   I do see you.   Good afternoon, Mr.  
19     Jimenez.

20                  MS. HAMM:   Good afternoon, Your Honor.   I'm Holly  
21     Hamm with Mehaffy Weber on behalf of Saint Alphonsus Health  
22     System, and on the line maybe are Molly Mitchell and Keely  
23     Duke from Duke Evett.   They're outside counsel in Idaho.

24                  THE COURT:   Okay.   Thank you.   Mr. Patterson, good  
25     afternoon.

1 MR. PATTERSON: Good afternoon, Judge. Johnie  
2 Patterson here on behalf of what we're referring to as the  
3 RMSC plaintiffs. They're unnamed sexual assault victims,  
4 have a pending litigation in New York.

5 THE COURT: Okay.

6 MR. PATTERSON: So, I'm here for them.

7 THE COURT: Thank you. Okay. I think -- anyone  
8 else in the courtroom wish to make an appearance? Okay. Is  
9 there someone on the line who wishes to make an appearance?  
10 And I'd just ask that you please hit five star at this time.

11 Okay. I'm going to start -- there's an area code  
12 602 number.

13 MS. PRZYBYLINSKI: Hi, this is Erin Przybylinski  
14 from Hallinan and Killpack Law Firm. I'm appearing on  
15 behalf of Bradley Schwartz, Armando Banuelos, and Paul Lupe,  
16 who have civil litigation out of Arizona.

17 THE COURT: Okay. Good afternoon. A 210 number.

18 MS. PRZYBYLINSKI: Good afternoon, Judge.

19 THE COURT: I just unmuted a 210 line.

20 MS. HEARD: Good afternoon, Your Honor. Mary  
21 Elizabeth Heard. I'm appearing on behalf of Adree Edmo and  
22 her -- along with Lori Rifkin, her council in the 1983  
23 single action in the 9th Circuit, along with the National  
24 Center for Lesbian Rights.

25 THE COURT: Thank you. Okay.

1 MS. HEARD: And Ms. Rifkin is available on the  
2 line should you need anything from her.

3 THE COURT: Okay. Thank you very much. Okay.  
4 Another 602 number.

5 MR. NACH: Yes, Your Honor. Adam Nach on behalf  
6 of Henry Snook, Jennifer Power, Ananda Slocum and Linda  
7 (indiscernible) and successors and assigns. Mr.  
8 (indiscernible) also made an appearance on our behalf, so  
9 thank you.

10 THE COURT: Oh, okay. Great. Thank you. A 573  
11 number?

12 MR. MARKUS: This is Blake Markus and Gabriel  
13 Harris of Carson & Coyle, P.C. We represent Capitol Eye  
14 Care, Inc., Jefferson City Oral and Maxillofacial Surgery,  
15 LLC, CMMP Surgical Center, LLC, and Mid-Missouri Anesthesia  
16 Consultants, P.C. in a punitive class action in the Western  
17 District of Missouri.

18 THE COURT: Thank you. Okay. Let's see if we  
19 have anyone else. Yes, a 206 area code.

20 MR. GLOVER: Good afternoon, Your Honor. This is  
21 Bryan Glover, Stoel Rives in Seattle, Washington. I am here  
22 on behalf of St. Luke's Health System, Limited and St.  
23 Luke's Regional Medical Center, Limited. Thank you.

24 THE COURT: Thank you. Okay. Let's see if  
25 there's anyone else. Okay. I've got a few more. I've got

1 a 504 area code.

2 MS. FOSTER: Good afternoon, Your Honor. This is  
3 Anne Foster from Portland, Oregon. You said 504, but I have  
4 a 503 area code. I'm appearing -- of claimant Leona Miotke.

5 THE COURT: Yes. I meant to say 503. It works  
6 better when I put these one. So, that is -- you are  
7 correct, I am incorrect, and I'm going to put on my glasses  
8 now. Area code 612.

9 MS. BAILEY: Good afternoon, Your Honor. Rebekah  
10 Bailey from Nichols Kaster. I represent creditors Machel  
11 Pearson, Maria Sheldon, and Rachell Garwood who have a  
12 putative class action filed, Pearson v. Washington, in the  
13 Eastern District of Michigan.

14 THE COURT: Okay. Thank you. 208 area code? 208  
15 area code, last three digits 522?

16 MR. SCHRODER: Yeah, this is Noah Schroder just  
17 representing myself pro se in a class action lawsuit.

18 THE COURT: Okay. Good afternoon, Mr. Schroder.  
19 Thank you for your participation today. Area code 414.

20 MS. BERTRAND: Good afternoon, Your Honor. This  
21 is Joy Bertrand appearing for Angela Branum. My pro hac  
22 vice is pending. Ms. Branum has litigation against Corizon  
23 Healthcare in Arizona United States District Court.

24 THE COURT: Okay. And I think we -- I think we  
25 signed your pro hac, so you're fine. If there's someone who



1 has filed a pro hac and we haven't gotten to you, you are  
2 free to participate today. I'm going to ask everyone --

3 MS. BERTRAND: Thank you.

4 THE COURT: -- if you are not speaking, for the  
5 folks whose line I've unmuted, I'm going to keep it unmuted.  
6 I'd ask that you please monitor yourselves and put your  
7 lines on mute, and obviously when you're ready to speak to  
8 the Court, no problem, but I just want to make sure that you  
9 mute your line. 816, last one.

10 MR. LANGE: Your Honor, can you hear me?

11 THE COURT: Yes.

12 MR. LANGE: This is Ethan Lange. (Indiscernible)  
13 technical difficulty.

14 THE COURT: I can hear you just fine, sir. Good  
15 afternoon.

16 MR. LANGE: Good afternoon. Thank you. My name  
17 is Ethan Lange. I'm appearing on behalf of the University -  
18 - the curators of the University of Missouri and Capitol  
19 Region Medical Center.

20 THE COURT: Okay. Got it. Thank you very much.  
21 And again, everyone on the line, if you can please place  
22 your phones on mute?

23 Before we get started, too, what I think we're  
24 here for today, Mr. Brookner, I was just going to ask for  
25 the -- kind of the 10,000-foot level introduction about kind

1 of where we are and where you -- where you intend to head in  
2 this case.

3 MR. BROOKNER: You're stealing my thunder. So,  
4 what I wanted to do if it's okay, give you the kind of who  
5 we are, where we come from, where we're trying to go, a  
6 little bit of background, high level, what we expect to try  
7 to accomplish in this case, quickly talk about the motion  
8 and the relief that we are now requesting, because we've  
9 narrowed it since it was filed.

10 THE COURT: Okay.

11 MR. BROOKNER: And then I'll reserve argument for  
12 the end after the evidence presentation.

13 THE COURT: Okay.

14 MR. BROOKNER: So, I'm sure you've probably read  
15 in a bunch of pleadings, Your Honor, a variety of things  
16 about the divisional merger, other pre-combinations that  
17 occurred, but the upshot is starting with who the Debtor is  
18 or was. For 35 years, the Debtor was a nationwide provider  
19 of health care services to correctional facilities, prison  
20 systems, and jails, and the Debtor would enter into  
21 contracts with governmental entities pursuant to which the  
22 Debtor would provide or arrange for the provision of  
23 healthcare services for inmates or other detainees in these  
24 institutions.

25 In May 2022, so about nine or so months ago, there

1 was a combination merger of three other entities into the  
2 Debtor's predecessor, and then dated as of May 1, 2022,  
3 there was a by-the-book divisional merger under the Texas  
4 Business Organizations Code pursuant to a plan of divisional  
5 merger, which resulted in two entities, the Debtor and  
6 CHSTX, Inc. We'll just call them CHS or CHSTX.

7 And in the Debtor's view, all of the appropriate  
8 documentation was executed and filed as required by the  
9 Business Organizations Code with the Texas Secretary of  
10 State.

11 Importantly, and Mr. Perry's declaration  
12 accompanying the motion addressed this somewhat, before the  
13 divisional merger took place the company was actually almost  
14 at the bankruptcy courthouse steps on several occasions, and  
15 that was due to a rising number of litigation claims,  
16 liabilities which were continuing to increase, revenue  
17 declines, margin compression, and other associated  
18 deteriorating liquidity.

19 And so, one of the realities of the divisional  
20 merger and one of its purposes and one of its effects, which  
21 has been great, was that jobs were saved. Over 3,000  
22 employees kept their jobs, and that was the key to the  
23 divisional merger. It kept employees intact, saved jobs, it  
24 kept the operating business out of bankruptcy.

25 So, as reflected more fully in the plan of

1     divisional merger, which we will put into evidence, it's  
2     document -- excuse me, it's Exhibit No. 10 attached to our  
3     witness and exhibit list, upon the merger's effectiveness,  
4     the allocation of assets and liabilities between the Debtor  
5     on the one hand and CHS on the other was, generally  
6     speaking, subject to the document itself as follows.

7             CHS was allocated certain existing contracts, a  
8     variety of other assets that were not allocated to the  
9     Debtor, and also certain liabilities, and in that regard, a  
10    variety of lawsuits, and perhaps most importantly,  
11    approximately \$100 million liability in funded debt  
12    obligations.

13            On the other side of the ledger, the Debtor was  
14    allocated all of the liabilities in connection with then-  
15    existing litigation or litigation to be brought under  
16    expired contracts or in connection with liabilities  
17    otherwise allocated to the Debtor in the divisional merger.

18            For assets, the Debtor was the payee under a \$15  
19    million funding agreement with an entity called M2 Loan  
20    Company, M2 Loan Co., a million dollars in cash, certain  
21    insurance policies, and certain other assets that are  
22    reflected in the plan of divisional merger.

23            And as we sit here today, we believe those key  
24    assets could be in the approximate range of 15 to 25  
25    million. And like I said, a full and complete list of all

1 of the assets and liabilities allocated to each of the  
2 entities is in the plan of divisional merger, which will be  
3 before Your Honor today and is attached to (indiscernible).

4 Oh, and just so you have it handy, Schedule 3.01A  
5 of the divisional merger document has the assets allocated  
6 to CHS, Schedule 4.01A has the liabilities allocated to CHS,  
7 and then 3.01B lists the assets allocated to the Debtor and  
8 4.01B lists the liabilities allocated to the Debtor and the  
9 schedules are rather thick and rather extensive.

10 So, the individual merger was affected as of May  
11 1, 2022 and for the next nine-and-a-half months or  
12 thereabouts, the Debtor attempted to work through its  
13 liabilities through litigation, settlement, resolution  
14 negotiation, sometimes using insurance as applicable,  
15 sometimes just writing checks, but eventually there came a  
16 time where the liabilities and the lawsuits remaining were  
17 sufficiently overwhelming that Chapter 11 became necessary.

18 In addition, as we did mention in our motion,  
19 there was the prospect of -- well, we thought there was a  
20 prospect of a receiver being appointed in some litigation  
21 pending in Missouri, which would have been arguably vested  
22 with causes of action that are now vested in the Debtor,  
23 fraudulent convenience, things of that sort.

24 And so alter ego, piercing the veil, I mean,  
25 things that you always see as property of the estate, and it

1 was imperative to preserve those causes of action in order  
2 to maximize value. And so, we filed the petition, and here  
3 we are. We filed on February 13th.

4 I will tell you, as you might have figured out  
5 from looking at the docket, we were a little rushed in the  
6 filing because we did file a naked petition. Our firm was  
7 hired while the Super Bowl was on the day before. So, we  
8 didn't have an opportunity to do the traditional preparation  
9 that Your Honor is used to seeing and that you used to do  
10 when you were on this side of the bench, but we're slowly  
11 getting our sea legs under us. We're slowly wrapping our  
12 arms around information and assets, liabilities, insurance,  
13 talking to people, dealing with stuff so that we can move  
14 forward in an efficient and quick manner in this case, in a  
15 meaningful way that maximizes value for everybody.

16 And with that, I do want to make kind of a public  
17 service announcement, if you will, Your Honor, to the people  
18 who are on the phone who may not know me or Gray Reed or may  
19 not be familiar with the happenings in Your Honor's court,  
20 and I want to say this.

21 Some people have heard this, but for others it's  
22 going to be new. We know that there is a lot of history  
23 between the Debtor on the one hand and the various  
24 plaintiffs on the other, whether they are tort or contract  
25 plaintiffs, and we know there's a lot of water under the

1 bridge and there's a lot of animosity that's out there.

2           People are angry. I know that you've seen that  
3 before. We've seen it before. We get that. We understand  
4 that. As I just mentioned, we are the new kids in town,  
5 okay? We weren't here when any of that stuff took place.  
6 We didn't engage in any of that. That's different stuff,  
7 different issues, and we believe that Chapter 11 is the best  
8 way to maximize value for everyone, and that's the path that  
9 we intend to pursue. We're not here to wipe out unsecured  
10 creditors. We're not here to do bad things to people.  
11 We're not here to be obstreperous or difficult or a pain to  
12 work with. I know that you know that's not our style and I  
13 want everybody else to know that. That's not what we're  
14 here to do.

15           Instead, what we want to do is centralize  
16 everything here in your court in the most efficient and  
17 economic way to do the best job that we can do to pay out as  
18 much as possible to people who have valid allowed claims at  
19 the end of the day.

20           We are upstanding people. We try to be to the  
21 best of our ability. We take our fiduciary duties very  
22 seriously, and I know that you know that, and we expect  
23 fully and we intend to fully execute those fiduciary duties  
24 to the fullest extent possible under the law and under the  
25 tools that are provided to us in the Bankruptcy Code.

1           So, with that, Your Honor, let's turn -- unless  
2   you have any questions, we can turn to kind of where we are  
3   in the case and what we see the work streams as being and  
4   where we plan to go from here.

5           THE COURT: Okay. And I know there was a motion  
6   to extend the time to file schedules by as well. I'm just  
7   going to grant that. There's been no objection to it. I  
8   just -- so you can take that off the table. Sounds like  
9   everybody needs time now. So, I just wanted to take that  
10   one off the table. I didn't know if that was part of your  
11   presentation or not.

12           MR. BROOKNER: I was going to mention it, but now  
13   I don't have to. Thank you. But yes, so the time is -- has  
14   not been our friend, and we're desperately trying to get  
15   some time so that we can do the job that you expect of us  
16   and the job that everybody else expects of us, and that's  
17   really the key to the motion, but we'll come back to that.  
18   I'm sure a lot of people are going to have a lot of things  
19   to say about that.

20           THE COURT: Well, the only -- so I've got just two  
21   basic questions. One, can you tell me a little bit more  
22   about M2 and the relationship between M2 and the -- and the  
23   Debtor? That's one question if there's anything that can be  
24   told to me about that.

25           MR. BROOKNER: I cannot, and that's not because I



1 won't, it's because I am unable.

2 THE COURT: Okay. Okay. And then the second  
3 question is with respect to some of the litigation that's  
4 pending around the country, is some of that -- are all those  
5 litigations -- is your intent to stay them throughout where  
6 they are today or is -- or is some of that going to get  
7 removed and try to have -- get moved over to here? And I'm  
8 not encouraging. I just want -- just curious as to kind of  
9 whether some of it is coming my way or what the Debtor's  
10 intent -- if there's anything you can tell me at this time  
11 about that.

12 MR. BROOKNER: I'll tell you everything that I  
13 can, of course. That dovetails into some of what I was  
14 going to say in this motion that's pending before you right  
15 now.

16 So, let me talk about that first, which is we are  
17 not right now attempting to extend the stay to every piece  
18 of litigation around the country. Originally, we kind of  
19 sort of asked for that, but we've now, after speaking to  
20 various constituents, narrowed what we're asking for and  
21 Docket 107, which was uploaded just about an hour ago or so,  
22 that has a new form of proposed order attached to it, and  
23 the last page or two of that order is a schedule showing  
24 Your Honor and everybody else, all the parties in interest,  
25 the exact cases that we are trying to effect in this motion,

1 I think there are 39 cases, and the parties that we are  
2 seeking to have covered by the stay. I think there are 23  
3 parties.

4 So, as we sit here today, of all the cases and all  
5 the defendants pending in the country, we're only looking to  
6 deal -- to cover 39 specifically identified cases and 23  
7 specifically identified defendants, who in our opinion and  
8 belief have a right to indemnity back against the Debtor's  
9 estate. There's an identity of interest in our view.

10 Further to that point, Your Honor, originally we  
11 were asking for endless relief, meaning give us the stay  
12 forever unless and until something changes. We've pulled  
13 back on that again because of our discussions with people,  
14 other constituents, which have been very constructive and we  
15 appreciate the tone that we've had and the collaboration  
16 we've already started seeing with some of our constituents,  
17 and we are now seeking an interim order only for 35 days.

18 So, we're asking to press the pause button on  
19 those 39 litigations with those 23 people for 35 days, and  
20 we want to come back to Your Honor at some point between day  
21 30 and day 35, assuming you agree to enter the order we've  
22 submitted, to have a further hearing on where to go and what  
23 to do next on these issues.

24 In connection with that, we may seek to supplement  
25 or expand the list. We may not. We don't know, but that's

1 where we are today on the request that -- on the relief that  
2 we're seeking.

3 THE COURT: Okay, thank you.

4 MR. BROOKNER: Did that answer Your Honor's  
5 question?

6 THE COURT: You did.

7 MR. BROOKNER: Okay.

8 THE COURT: You did.

9 MR. BROOKNER: So, coming back to where I was  
10 about kind of where we are and where we're going, the  
11 committee was -- a committee, the committee, was formed  
12 yesterday. They had their initial formation meeting today.  
13 I think it was at 10 or 10:30 this morning.

14 So, the committee, although organized as an  
15 entity, does not yet have any professionals employed. And  
16 so, part of the reason for the interim relief that we've  
17 requesting -- been requesting is to let the committee figure  
18 itself out and let the committee get its sea legs together  
19 so that it can then get smart and engage in a constructive  
20 dialogue with my firm about everything, including where to  
21 go and what to do next on these matters.

22 We are actively working on securing DIP financing  
23 to fund the administrative costs of this case, and my  
24 understanding is that our potential DIP lender yesterday  
25 retained counsel, and my understanding is that that counsel

1 is now looking at a draft term sheet, and we expect to be  
2 trading drafts in the very near future, and we'll of course  
3 abide by all of our duties under Section 364 as it comes to  
4 DIP financing.

5 Just this week, Your Honor, we brought on KCC with  
6 whom I know you're familiar as our claims agent. A noticing  
7 agent will be filing retention papers for KCC in the near  
8 future was -- as well as for Gray Reed and Ankura as our  
9 Chief Restructuring Officer, Russell Perry, in an ordinary  
10 course professionals motion.

11 And then importantly, and you'll see this coming,  
12 a bar date motion so that we can move this process forward,  
13 and then other necessary pleadings to keep the train running  
14 smoothly down the tracks.

15 In that regard, we've also sketched out, again  
16 very high-level, some general timelines we're going to do  
17 our best to adhere to. We know about the best laid plans of  
18 mice and men, right? And we know things happen in a  
19 bankruptcy case that are sometimes unexpected and time  
20 estimates and time -- ideas about time change, but today  
21 Your Honor just orally, it sounds, granted our motion to  
22 extend time on schedules. So, hopefully we'll have those  
23 filed timely by March 30th.

24 We've engaged with the U.S. Trustee and we expect  
25 to have a preliminary 341 meeting, to commence the meeting

1 at least, the week of March 22nd, which I think would  
2 probably have to be continued until after the schedules and  
3 statements are filed. But of course, we'll cooperate with  
4 our friends at the U.S. Trustee's office to do -- to get  
5 things done the way the U.S. Trustee wants to do it.

6 And I should also mention, by the way, we did  
7 speak with Mr. Nguyen about today's motion and he was  
8 instrumental in helping us get to the original form of order  
9 we submitted at Docket No. 30 which was an interim -- an  
10 interim order for 35 days. Excuse me. And then the listing  
11 of people, we had given that to him. And you know, U.S.  
12 Trustee will say what it wants to say, but I think we're in  
13 accord with U.S. Trustee's office.

14 THE COURT: Okay.

15 MR. BROOKNER: In theory, again, very high-level  
16 theory, Your Honor, we'd like to set a bar date, and I know  
17 we have to file a motion for the week of May 31st as a  
18 general creditor bar date. The governmental bar date  
19 obviously we cannot effect. That's set by statute.

20 And then ultimately high-level the golden chalice  
21 would be to have a plan confirmed and for us to be done here  
22 by the end of the year. We think it's aggressive  
23 considering how new this is and how much we still need to  
24 learn, but we think we can do it, and we're going to try.

25 Lingering in bankruptcy is not a good thing. We

1 know that. We don't want to do that. We want to get out  
2 and start getting people paid, get claims resolved and get  
3 people paid.

4 Now, we talked a little bit about the motion and  
5 the form of order, so I can bypass that, because that was  
6 next in my outline. And I should tell -- I should tell Your  
7 Honor that the form of order that you have reflects  
8 resolutions. I lost count because there's a lot of people.  
9 It's with either four or five different constituents that  
10 we've either headed off objections at the pass by virtue of  
11 what's in the order or with respect to -- was it -- I call  
12 him R.J. I'm sorry. What's your last name?

13 MR. SHANNON: Shannon.

14 MR. BROOKNER: I'm sorry, Mr. Shannon's client,  
15 we've resolved with that as well as the joinder parties who  
16 joined in their objection this morning. So, that's been  
17 resolved. I'm sure you'll hear about that. And I'm sure  
18 you'll hear from some of the other parties with whom we've  
19 resolved. St. Luke's is one. St. -- not (indiscernible) --  
20 St. Alphonsus is another. General Healthcare Corporation is  
21 another, and there may be another one that's in there.

22 So, those have all been resolved, and now we're  
23 left with I believe five live objections for today. Docket  
24 No. 63 was filed by Mr. Hyman. Docket No. 75 -- excuse me --  
25 - was filed by a group of Michigan plaintiffs. I'm just

1 going to refer to them as the Michigan plaintiffs. No. --  
2 Docket No. 80 was filed by Ms. Edmo, E-D-M-O. No. 88, which  
3 was filed by the curators of the University of Missouri,  
4 which reminds me I have to come back because I didn't answer  
5 one of your questions. Docket No. 93, which is the joinder  
6 into the Garcia objection, which is 66, which is resolved.  
7 So, those two are resolved.

8 Docket No. 94, certain New York plaintiffs  
9 represented by Mr. Patterson and his far-away counsel. And  
10 then there was another response that hit the docket as we  
11 were in the car, and I don't -- I don't have a copy of it.  
12 I don't know the docket number. I haven't even read it, but  
13 that's another live objection.

14 So, that makes it --

15 THE COURT: I saw 63, 75, the Edmo --

16 MR. BROOKNER: Is live, 80 is live.

17 THE COURT: Eighty. Eighty. That -- I just  
18 needed to make sure I got the number, 88, 93 may or may not  
19 be live, right, because it was a joinder.

20 MR. BROOKNER: Yeah.

21 THE COURT: Ninety-four, then there's another.

22 MR. BROOKNER: Whatever came after 94. It was  
23 filed maybe an hour, hour and a half ago.

24 THE COURT: Okay. All right. Let's see. You may  
25 be referring to 106.

1 MR. BROOKNER: Ms. Carson, who's the brains of the  
2 operation, tells me that it sounds right but she can't pull  
3 up the docket right now.

4 THE COURT: Garwood Pearson. Does that sound --

5 MR. BROOKNER: Yes. Okay. She's nodding her head  
6 yes.

7 THE COURT: Okay.

8 MR. BROOKNER: Again, I haven't read it, so I  
9 can't answer any questions about.

10 THE COURT: Okay. Okay.

11 MR. BROOKNER: The one question, just to backtrack  
12 for a second, that I didn't answer, Your Honor, was about  
13 removing and trying to swarm a bunch of cases from other  
14 jurisdictions into your court. We -- again, we haven't --  
15 because it's been moving so quickly and we're drinking from  
16 the proverbial firehose, we haven't had a chance to analyze  
17 that other than there is one case in Missouri with the  
18 curators and counsel who filed an objection is on the line -  
19 -

20 THE COURT: That's the one that you wrote about in  
21 your pleading.

22 MR. BROOKNER: Right. That one's been removed.  
23 That's now sitting in the Western District of Missouri  
24 Bankruptcy Court in front of Judge Dow.

25 THE COURT: Got it.



1 MR. BROOKNER: And he has pending before him our  
2 motion to transfer venue to you obviously. And just the  
3 other night, the curators filed a motion to remand.

4 THE COURT: Okay.

5 MR. BROOKNER: So, that's a battle that's about to  
6 happen in Missouri.

7 THE COURT: Okie dokie.

8 MR. BROOKNER: So, turning to the motion itself,  
9 and I'm not going to argue anything, I'm just going to give  
10 you some facts as they pertain for what we're seeking, we  
11 want to extend the stay because in the Debtor's belief, and  
12 people have other beliefs, of course, that there's an  
13 identity of interest between certain of the named  
14 defendants, which are who are reflected in the exhibit, the  
15 Docket No. 107, because there are indemnities running from  
16 the Debtor to those people by virtue of contract, either  
17 because of the divisional merger plan of merger or because  
18 of various and sundry contracts that the Debtor entered into  
19 with either people or other entities who in turn, you know,  
20 we have to indemnify the entity and the people who work for  
21 the (indiscernible). So, we have the corporate document  
22 indemnities on one hand and then we have the contractual  
23 indemnities on the other.

24 We also in the motion asked for a ruling from Your  
25 Honor that certain of the claims asserted in certain of

1     those cases are property of the estate, alter ego, pierce  
2     the veil, fraudulent conveyance.

3             Because we believe, as I'm sure Your Honor knows  
4     we believe, that those are property of the estate, we now  
5     have the sole authority to pursue those claims or otherwise  
6     deal with them.

7             THE COURT: Part of the 39 -- any of them involve  
8     those fraudulent transfer actions?

9             MR. BROOKNER: There are some.

10            THE COURT: Okay.

11            MR. BROOKNER: I -- but I can't tell you which one  
12     -- again, the complaints are big. There's a lot of them.  
13     We haven't analyzed each one --

14            THE COURT: I got it. And some of them may answer  
15     a different cause of action. I just --

16            MR. BROOKNER: But some. So, like, for example,  
17     the curators have one and there are a few other people on  
18     there that have them.

19            THE COURT: Okay.

20            MR. BROOKNER: And the exhibits, I believe -- do  
21     we have (indiscernible)? We don't. Okay. We don't have  
22     the complaints (indiscernible).

23            THE COURT: No worries.

24            MR. BROOKNER: Generally speaking, Your Honor, the  
25     claims against the Debtor as a high-level matter pending

1 throughout the country fall effectively into four buckets,  
2 and we talked about this in the motion.

3 We have vendor claims for breach of contract,  
4 money owed, and related type of traditional vendor claims,  
5 if you will. We have worker's comp and employment-related  
6 claims. I'm sorry -- three buckets. And then we have  
7 personal injury claims and professional liability claims.  
8 Those are the three big buckets into which the lawsuits, and  
9 I think there's about 500, 500 and change around the  
10 country, those are the buckets into which they fall. And  
11 then again, we asked for interim relief, 30 days -- 35 days,  
12 come back sometime around day 30, 31, 32 for a further  
13 hearing, and we can go from there.

14 We do believe the evidence will show that we have  
15 met our burden to extend the automatic stay under applicable  
16 5th Circuit precedent, whether because of an identity of  
17 interest or otherwise, and we do reserve the right to seek  
18 supplemental relief to extend the stay further to other  
19 people as time goes on.

20 Hopefully, we'll be able to have that universe  
21 ready when we come back for the next hearing, but if we  
22 don't, we'll seek appropriate relief. We'll file an  
23 appropriate pleading, and putting that aside, Your Honor, we  
24 think the motion itself is pretty self-explanatory.

25 And again, that's all by way of background. I

1 didn't want to make any argument. I want to reserve legal  
2 argument, and I do have legal argument, for the back end  
3 subject to anything else anybody wants to say, and I -- but  
4 I do reserve the right to come back before the evidentiary  
5 presentation if Your Honor deems it appropriate to respond  
6 to any comments that others may make before we get to the  
7 evidence.

8 And then Ms. Carson will be handling the  
9 evidentiary portion of the hearing, and then you'll see me  
10 again on the backside for closing argument.

11 THE COURT: Okay. Thank you. Let me start with  
12 any comments from any parties in the courtroom before I open  
13 it up to the line. Mr. Shannon?

14 MR. SHANNON: Yeah. Sure, Judge. I will -- I  
15 will start. As Mr. Brookner said, our objections have been  
16 resolved through the revised proposed order as to this  
17 interim -- the interim proposed order. There might be, you  
18 know, objections as to the final if there's any changes to  
19 it.

20 Now, out of the claimants that were here today  
21 representing, several of them were actually, you know, the  
22 parties that filed Docket No. 66.

23 THE COURT: Okay.

24 MR. SHANNON: Several others were part of the  
25 joinDer that Mr. Brookner discussed. Now, really important

1 to those claimants is that the rights against non-Debtors  
2 are preserved. It's very important because, you know, it's  
3 -- these claims against non-Debtors, at least some of them,  
4 are not necessarily tied to the conduct of the Debtor or the  
5 Debtor's predecessor.

6 I believe as the revised proposed order at Docket  
7 I believe it's 107 does preserve those rights, one of the  
8 issues we had was just kind of the breadth of it, that has  
9 been fixed in our opinion. The revised proposed order  
10 specifies who exactly the stay is being extended to, and  
11 frankly, as revised, it doesn't apply to anyone that I'm  
12 here representing.

13 THE COURT: Okay.

14 MR. SHANNON: And just one other thing about it,  
15 Judge, I would just say that it reserves all rights from the  
16 interim to the final. So, there's not going to be any  
17 burden shifting or things like that. But with that, Judge,  
18 you know, I know there's a committee appointed. I'm sure  
19 they'll look at it. I'm sure they'll consider that. But  
20 given that the -- that the scope of that proposed order has  
21 been narrowed, we do not oppose the entry of the interim  
22 order.

23 THE COURT: Thank you very much. Mr. Nguyen, go -  
24 -

25 MR. NGUYEN: Thank you, Your Honor. Ha Nguyen for

1 the U.S. Trustee. Mr. Brookner is correct. I did work  
2 through the proposed order on this motion with him, but  
3 that's not to say that we're in support of the motion.  
4 We're not tipping out thumb on the scale either way. That's  
5 an order that I worked for Mr. Bruckner. If the Court is  
6 inclined to grant the motion, that's an order the U.S.  
7 Trustee can live with.

8 And the second thing, Your Honor, the committee  
9 was formed last night. I've met with all the members this  
10 morning. You're going to get unsecured creditors from  
11 almost all three of the buckets that Mr. Brookner mentioned.  
12 It's a very diverse group.

13 They're ready to go, but they're just not -- they  
14 couldn't retain counsel within the three hours of our first  
15 organizational meeting. So, you should be seeing them in  
16 the next couple of weeks here.

17 THE COURT: Thank you.

18 MS. HAMM: Your Honor, Holly Hamm for St.  
19 Alphonsus.

20 THE COURT: Hey.

21 MS. HAMM: I just wanted to kind of reiterate some  
22 of the things that have been said. St. Alphonsus is on the  
23 creditors committee and they -- we didn't file a formal  
24 objection. We talked with the Debtor's counsel, Mr.  
25 Brookner, to help basically preserve the position that the

1 UCC might want to take going forward, putting that break in,  
2 this 35-day interim period in place so that a thorough  
3 examination can be done and any, you know, objections are  
4 preserved until that time.

5 THE COURT: That makes sense, and it's -- thank  
6 you very much.

7 MS. HAMM: Mm-hmm.

8 THE COURT: Okay. A little dangerous, because  
9 I've unmuted a bunch of lines, but let me open it. Is there  
10 anyone else in the courtroom who wishes to make a statement?  
11 Okay. Anyone on the line wish to make a statement, and I'm  
12 sure you're probably going to bump into each other a little  
13 bit, but Mr. Stromberg. Yeah, if you can, raise your hand  
14 and maybe that's the more efficient way.

15 Mr. Stromberg, you may be on mute. I can't hear  
16 you. I can't hear you. You may need to hit five star again  
17 or -- let's see. I can't hear you, Mr. Stromberg. Let's  
18 see. How do you -- oh, I still can't hear you. Let's see.  
19 Mr. Stromberg, can you hit five star again? Maybe I can  
20 just see you.

21 MR. STROMBERG: Ah, there we go.

22 THE COURT: All right.

23 MR. STROMBERG: Is that better, Your Honor?

24 THE COURT: All righty.

25 MR. STROMBERG: Thank you. Mark Stromberg on

1     behalf of Lone Star Alliance, Inc.  It's a subsidiary of the  
2     Texas Medical Liability Trust.  My client is an insurer.  
3     They are defending 34 cases that are in various stages right  
4     now with many of them having joint -- potentially jointly  
5     liable co-defendants.

6             I'm in a similar situation to Mr. Brookner because  
7     I really only got involved in this case within the last few  
8     days and only entered my appearance yesterday, really only  
9     found out about this hearing this morning.

10            So, I don't know to what degree the 34 cases were  
11     involved with overlap, but we are in favor of this motion.  
12     We think that the insurance policies that may apply to these  
13     claims are policies that belonged to the estate, that there  
14     are reasons that if the stay is not extended to the  
15     potential co-obligors or co-defendants, this might impact or  
16     affect the estate, not least because, number one, if these  
17     defendants have a judgment entered against them then that  
18     reduces the coverage that might be available to cover the  
19     estate's obligations, because there is a per occurrence  
20     limit.

21            Number two, if the estate is not present to defend  
22     any comparative fault finding could wind up being more  
23     against the estate than against the co-defendants.  And  
24     number three, if there's any excess exposure resulting from  
25     the -- from the claim against a co-defendant in excess of



1 the policy limits, that could come back to affect the  
2 estate.

3 So, for a number of reasons, we think it is  
4 prudent for the Court to consider this, especially so and as  
5 much as it's an interim request, that it is not going to  
6 permanently affect any of the parties' rights. It will give  
7 Mr. Brookner -- it will give me, candidly, the time to be  
8 able to ascertain just, you know, what is going on with all  
9 of the litigation and to determine how we might sort of  
10 figure out a way to move these cases, many of them tort  
11 cases, towards some sort of consensual resolution before  
12 litigation proceeds, because the estate will have interests  
13 in how this litigation proceeds.

14 THE COURT: Thank you, sir. Anyone else?

15 MR. STROMBERG: Thank you, Your Honor.

16 THE COURT: Anyone else? If you'd just raise your  
17 hand and I can just -- I've got you there. Mr. Johnson?  
18 And if you need to hit five star, let me know.

19 MR. JOHNSON: Good afternoon, Your Honor.

20 THE COURT: Good afternoon, Mr. Johnson.

21 MR. JOHNSON: My name is Michael Johnson. I'm  
22 with Kay Griffin in Nashville, Tennessee, and we're one of  
23 the -- we're attorney for James Hyman. Mr. Hyman -- I just  
24 wanted to make a brief statement on this, as Mr. Hyman's  
25 situation and claims are a little bit different than I think

1 pretty much everything else we're talking about here.

2 Mr. Hyman is the former CEO of Valitas Health  
3 Services, Inc., which was one of the pre-merger entities  
4 that was finally merged into Corizon Health, Inc., and which  
5 is, you know, the Debtor (indiscernible). They're the  
6 successor to his employment agreement.

7 We have a pending litigation in the Middle  
8 District of Tennessee where the main office is in Brentwood,  
9 Tennessee, and you know, we've talked about in our briefing  
10 the reasons why we don't believe that the stay is applicable  
11 to Mr. Hyman's claims, that the relief is -- sought is  
12 appropriate in that case.

13 But I will say practically speaking now that the  
14 release sought has been narrowed, which it was after we  
15 filed our response to the 35-day timeframe, our -- we don't  
16 have a case management conference in the Middle District  
17 until April 12th at this point, which means in our district,  
18 we can't do anything until that happens.

19 I mean, we would like to try and still effectuate  
20 service in the meantime, and we don't want to have to come  
21 back and re-argue the same thing in terms of the stay being  
22 applicable to all of the co-defendants in Mr. Hyman's middle  
23 district case. But I just wanted to point that out on the -  
24 - at the outset here.

25 THE COURT: Thank you.

1 MS. HEARD: Your Honor?

2 THE COURT: Yes. I'm sorry. You -- yes, okay.

3 MS. HEARD: This is Mary Elizabeth Heard on behalf  
4 of Ms. Edmo. I would like just to tell the Court I'd like  
5 to reserve any opening for -- I do have an evidentiary  
6 presentation on -- in support of our objection.

7 THE COURT: Okay.

8 MS. HEARD: And I'd like to reserve my opening for  
9 that after the (indiscernible).

10 THE COURT: Thank you. Ms. Heard, is your client  
11 in the 39 cases?

12 MS. HEARD: Your Honor, my client is in the very  
13 end of post-judgment. She's received an injunctive relief  
14 and she is now trying to recover her attorney's fees. She  
15 was given an -- awarded a joint and several judgment against  
16 the state of Idaho.

17 THE COURT: I'm just trying to figure out if she's  
18 on the revised list such that -- that's on -- that the  
19 Debtors have filed.

20 MS. HEARD: So, she is affected -- yes, sir. She  
21 is affected by it --

22 THE COURT: Okay.

23 MS. HEARD: -- because they are seeking to extend  
24 the stay to the Idaho Department of Correction.

25 THE COURT: Perfect. Thank you so much.

1 MS. HEARD: But we're a very special case even  
2 within the subset of litigation.

3 THE COURT: Got it. Got it. Thank you. Thank  
4 you for the clarification.

5 MS. HEARD: (Indiscernible). Okay. Thank you,  
6 Your Honor.

7 THE COURT: Thank you. Okay. Anyone else?

8 MR. MARKUS: Your Honor, Blake Markus representing  
9 Capitol Eye Care, Inc. and other punitive class members from  
10 the Western District of Missouri case. I just wanted to on  
11 the record join in with the objections of the curators of  
12 the University of Missouri, the Eastern District Michigan  
13 class action, and Mr. Hyman's objections as well.

14 We (indiscernible) all claims against the non-  
15 Debtors belong to the estate, and in our case in the Western  
16 District of Missouri, Judge Harpool has ordered the non-  
17 Debtor parties to show cause as to why the case should not  
18 proceed against them without the Debtor, and we think that  
19 that would be appropriate for them to answer and that they  
20 not be a part of the stay here (indiscernible).

21 THE COURT: Thank you. Ms. Bailey, did you have  
22 your hand raised?

23 MS. BAILEY: I did. Thank you, Your Honor. Can  
24 you hear me?

25 THE COURT: Just fine, thank you.

1 MS. BAILEY: Okay. Your Honor, our response was  
2 the Docket No. 106, that the Debtor hasn't had the  
3 opportunity yet to read. So, I'll make it a little bit  
4 easier on everybody. It's clear to me from the  
5 (indiscernible) that our case is not -- it appears that way,  
6 our case is not contemplated with the narrower set of cases  
7 for the stay, and if that remains true, then I'll reserve  
8 our arguments for the time in which the Debtor may try to  
9 extend it to us, but I just wanted to clarify that.

10 THE COURT: Thank you very much. Anyone else?

11 MR. LANGE: Your Honor, Ethan Lange, Stueve Siegel  
12 on behalf of the curators of the University of Missouri and  
13 (indiscernible) region.

14 THE COURT: Mr. Lange, I'm going to -- I'm going  
15 to turn to you and then Mr. Glover after you finish.  
16 Please, Mr. Lange, please proceed.

17 MR. LANGE: Thank you, Your Honor. I just wanted  
18 to note that we are still listed on this interim order. We  
19 had a moment to look it over at Docket Entry 107. It looks  
20 like our case is still listed.

21 We continue to oppose the entry of even an interim  
22 order. And so, I just wanted to make that note, and like  
23 other counsel, we would reserve our arguments after the  
24 Debtor's presented its case.

25 I did want to note one thing since you asked a

1 question right at the outset about the relationship between  
2 M2 Loan Co. and the Debtor, and I could answer that question  
3 that it's an -- M2 Loan Co. is an indirect parent, the -- of  
4 Corizon, former Corizon. It was an indirect parent as well  
5 of Valitas, which used to be the parent company of Corizon.

6 But the common parent, if you go up the chain, if  
7 you will, is M2 Hold Co., so I just wanted to answer that  
8 question. M2 Loan Co. also owned the secure debt of CHSTX  
9 and Tehum Care, the -- you know, the other entities or the  
10 (indiscernible) CHSTX is the other entity in the divisional  
11 merger with TM.

12 THE COURT: Thank you.

13 MR. LANGE: You're welcome.

14 THE COURT: Mr. Glover?

15 MR. GLOVER: Yeah. Good morning, Your Honor.

16 This is Bryan Glover on behalf of St. Luke's. St. Luke's is  
17 a member of the committee and was just appointed and  
18 certainly anticipates, you know, participating in pursuing  
19 protecting its rights aggressively in this case.

20 However, for purposes of today's hearing, we have  
21 been in contact with Debtor's counsel, and you know, been in  
22 discussions and negotiated language that would go into the -  
23 - that has gone into the proposed order that I understand is  
24 being presented to the Court. Just to avoid any confusion,  
25 subject to the reservation of rights that is set forth in

1 the proposed order that is being presented to Your Honor,  
2 St. Luke's has no objection to the entry of the order today  
3 on an interim basis.

4 THE COURT: Thank you. Anyone else?

5 MR. BERTRAND: Your Honor, this is Joy Bertrand.  
6 I raised my hand. If I may please speak?

7 THE COURT: Yes.

8 MS. BERTRAND: Your Honor, my client's case is  
9 listed in the exhibit to the proposed revised order --  
10 actually, I think it's on the list here, Branum v. City of  
11 Phoenix with the indemnified clients being David Shinn and  
12 the Arizona Department of Corrections.

13 We'd also object to being included in this.  
14 There's more than simply Corizon and Department of  
15 Corrections in the case of Ms. Branum's matter. There's the  
16 city of Phoenix, the Maricopa County Sheriff and  
17 (indiscernible) system, all of whom had separate roles in  
18 the death of Ms. Branum's husband, kind of culminating in  
19 his care with Corizon.

20 And this is brought to a standstill, a complex  
21 case that was actually kind of humming along in discovery,  
22 and now all of the defendants in our matter believe that the  
23 entirety should be stayed based on the Court's stay here.

24 We'd object to that. I think it's going to be  
25 incredibly inefficient to start out a case without that many

1 defendants and (indiscernible) moving parts simply because  
2 Corizon, the indemnifying party to the Arizona Department of  
3 Corrections, has filed for bankruptcy. So, we would note  
4 our objection for the record. Thank you.

5 THE COURT: Thank you very much. Anyone else wish  
6 to speak? It -- I'd just note, this case was filed on  
7 February 13th. Several days later this emergency motion was  
8 filed to extend -- enforce the automatic stay to certain  
9 non-Debtor parties.

10 Now, it's kind of an understatement when you read  
11 the pleadings and the responses to note that the motions and  
12 the objections involve complex questions of law. In fact,  
13 even starting, it was -- it was a big universe of claims and  
14 I -- and I had some questions about the scope of it.

15 It certainly has narrowed dramatically from where  
16 we are and it looks like, you know, certain parties that  
17 were objecting, as of now their objections are deemed moot  
18 because the Debtor isn't seeking to seek to extend the stay  
19 as to them.

20 But you know, what makes this case complicated is  
21 that there are several buckets, and you know, there are --  
22 there are claims against individuals. There are claims  
23 against former officers, some against affiliates. And so,  
24 each one of them is going to require a different level of  
25 thought, and every case should be viewed on its own -- on



1 its own merits.

2 And they're all at different stages. You know,  
3 some of them seek to threaten the very existence of the  
4 Debtor itself or to -- and so some of them, if they were to  
5 proceed, at least on their face, could lead to this Court  
6 rendering a judgment in one way or the other and then a  
7 state court rendering a judgment one way or the other.

8 And so it -- it's just complicated. And you know,  
9 there are alter ego issues there that we have to deal with.  
10 There are multiple defendants involved. Some involve  
11 questions of whether, you know, what the term, you know,  
12 absolute indemnity and the rights of that and looking at AH  
13 Robbins and their successor cases and seeing whether those -  
14 - this case fits into those.

15 You know, I appreciate that the Debtor is trying  
16 to make this an interim order and seeking to come back in 30  
17 to 35 days, but I also think about, you know, issues.  
18 There's a committee that's just got formed today and they  
19 may have rights and want to share thoughts, and I -- and  
20 I'm interested in hearing what the committee -- thoughts the  
21 committee may have.

22 And so, you know, kind of balance the -- you know,  
23 and this is an emergency hearing, right? So, these are  
24 essentially asking on very short notice. So, I've got to  
25 balance, you know, due process rights with the rights of

1 certain creditors who may have just retained counsel, I --  
2 to consider all of this.

3 At the same time, I think, you know, there are  
4 lawsuits out there that I -- you know, just on their face,  
5 you know, could -- you know, but by the time I actually  
6 could decide all of these issues, could -- you know, a lot  
7 could occur between now and the time that I issue a ruling  
8 one way or the other, depending on the state court could  
9 enter a judgment, and a lot of things could happen between  
10 now and then.

11 And so, I think what best serves the estate, what  
12 best serves to preserve the rights of all parties, is I'm  
13 going to -- I'm going to -- I'm going to issue a short  
14 interim order staying just the litigation that the Debtor  
15 seeks to go forward on.

16 If the Debtor wants to supplement it, you're going  
17 to have to supplement it, and we're going to have to make  
18 sure people get plenty of notice, but I want these parties  
19 to have a full opportunity to have -- to brief their issues,  
20 and I'm not sure they got it. At the same time, I want the  
21 Debtor to have a full and fair, robust opportunity to put on  
22 their case as well.

23 And so, I'm going to issue a short order staying  
24 the litigation as to these cases without -- and I'm going to  
25 -- here's the schedule that I'm going to put everything on.

1 I want any party -- and the way I'm envisioning this is Mr.  
2 Brookner, Ms. Carson, you know, y'all would re-notice this  
3 for a full hearing on May 17th, right? It's about 75 days  
4 from today, and I'm considering my schedule as well, making  
5 sure that I have enough time to kind of really allocate a  
6 significant amount of time.

7 Any objections to your motion for the 39 would be  
8 filed by April 3rd -- April 3rd, and they can just file it  
9 on the docket. No need to serve anything, just any fulsome  
10 objections there, any response that you have, would be filed  
11 by April 24th, so essentially 30 days from today, and it  
12 really would give everyone essentially a full opportunity  
13 with notice to find out who they are, get an opportunity to  
14 file an objection to that.

15 April 24th, you'd file your response 45 days, and  
16 essentially I'm holding a hearing, you know, a short time  
17 after that on May 17th. And I would hold it on May 17th  
18 starting at 1 p.m., and we'll just go until we're done.

19 So, if that's the case, the parties should be  
20 prepared to go late. If you have witnesses, I'm going to  
21 ask the parties to really consider, you know, that if, you  
22 know, if you have any witnesses, I'm going to want them  
23 live. If other parties have witnesses, I'm going to give  
24 them the flexibility to let them appear virtually.

25 The hearing will be a hybrid hearing. So, we'll

1 hold court here and on video. Any witness and exhibit lists  
2 would need to be filed, you know, essentially by May 15th at  
3 noon for that day. Maybe there's evidence required in terms  
4 of -- but I'm really asking Ms. Carson that you really work  
5 with the parties, maybe some parties get added, maybe some  
6 parties get dropped off. I don't -- you know, but on the  
7 17th, there's some agreement as to how the hearing will  
8 proceed in terms of exhibits.

9 And it gives parties an opportunity if they wanted  
10 to, you know, take some short -- you know, ask some  
11 questions of the Debtor before the hearing and really put  
12 their case on, and I think it would allow the Debtors a  
13 fulsome opportunity.

14 But importantly, it also gives the committee an  
15 opportunity to get up to speed. They'll have -- they'll  
16 have to hit the ground running, but I'm not jamming the  
17 committee, but I think a -- I don't want to do an interim  
18 hearing, because I'm afraid at the interim hearing the  
19 committee may ask for more time, and I want to just set it  
20 out, and we can just deal with everything on one day, May  
21 17th.

22 I think the Debtor will be in a much better  
23 position to articulate its arguments as to the insurance.  
24 Mr. Stromberg can come in and articulate its issues. But at  
25 the same time, if someone wanted to really have an

1 opportunity to put on their best case as to why they don't  
2 believe or brief the issue as to why they don't believe, the  
3 stay should be extended and then they'll have that --  
4 they'll have that case. And I think holding it to, you  
5 know, May 17th, you know, I think 75 days is -- it's real  
6 but it's -- it's at the same time I think balancing the  
7 fairness. And a short brief I think will benefit all  
8 parties because someone's going to -- you know, I've got a  
9 rule on that, and I'm going to be prepared to rule on May  
10 17th. But everybody's going to want -- I'm going to want a  
11 robust hearing -- a robust evidentiary hearing where I get  
12 the benefit of fulsome briefing.

13           So, I'm saying everything there on the 39 days,  
14 and if parties want to come in and file their objection,  
15 they certainly can. But on May 17th, it's an evidentiary --  
16 it's a full evidentiary hearing as to those, and Mr.  
17 Brookner, you can notice it out just to them so that  
18 everybody else who may have been impacted by the parties,  
19 and I think those who -- for example, I'm thinking of Mr.  
20 Shannon's client or Ms. Bailey's client, you know, they can  
21 take comfort, right, that the motion is now reset, and  
22 certainly their rights are reserved as obviously somebody --  
23 but you'll have -- you'll know what's going on with respect  
24 to those clients, and they can go back to report to the  
25 Court -- their respective courts.

1           And I think just giving you that little bit of  
2   comfort getting a re-noticing, you know that you're not on  
3   the list and don't have to worry about it. And I think I'm  
4   thinking about state courts as well who may want just  
5   something from this Court about where we go.

6           Mr. Patterson?

7           MR. PATTERSON: Yes, Your Honor and I want to make  
8   sure, but I -- my understanding is you said you're going to  
9   stay all litigation for 75 days or so, and I want to tell  
10   you I was reserving my thoughts and what I had to say until  
11   we started to put on the evidence, my understanding that was  
12   going to be today. And so, No. 1, we object. We're not  
13   waving our rights. My clients are not waiving their  
14   adversary protections.

15          THE COURT: Mm-hmm.

16          MR. PATTERSON: This is an adversary proceeding.

17          THE COURT: Right.

18          MR. PATTERSON: It should be. They didn't file an  
19   adversary proceeding, and what you're doing is you're  
20   entering a preliminary injunction. You're entering a TRO  
21   with no finding of any of the required factors, and we want  
22   to be carved out. I represent four women -- four-plus  
23   women.

24          THE COURT: I'm just telling you what I'm thinking  
25   about doing. I didn't say I was going to do it. They're

1 going to have to put on evidence.

2 MR. PATTERSON: Right.

3 THE COURT: If that's what you want, you'll have  
4 it, Mr. Patterson.

5 MR. PATTERSEON: I mean today, but we don't want  
6 to be -- we don't want to stayed for 75 days.

7 THE COURT: You may just be at the end of the  
8 hearing, and you'll have whatever rights you have.

9 MR. PATTERSON: Right.

10 THE COURT: I'm just saying -- I'm just telling  
11 you what I'm thinking. These are my thoughts about --

12 MR. PATTERSON: I'm sorry. I thought you were  
13 telling us what you're going to do.

14 THE COURT: No, I said I was going to --

15 MR. PATTERSON: I'm sorry. I don't -- I don't  
16 mean to jump the gun. I apologize.

17 THE COURT: No, no, no. You'll have your rights,  
18 and if you want to -- everybody's rights are reserved. I'm  
19 just telling you what my thoughts are, and some folks are  
20 going to have to walk me off this schedule. So, Ms. Carson  
21 knows --

22 MR. PATTERSON: Okay. Then I'll wait until he  
23 starts and then I'll come back.

24 THE COURT: Okay.

25 MR. PATTERSON: Thank you, Your Honor.

1 THE COURT: You know, why don't you introduce  
2 evidence, Ms. Carson? I think the documents will do it for  
3 me, but you can keep going.

4 MS. CARSON: Good afternoon, Your Honor.

5 THE COURT: Good afternoon.

6 MS. CARSON: Again for the record, Amber Carson  
7 from Gray Reed on behalf of the Debtors.

8 Your Honor, as Mr. Brookner mentioned, we filed  
9 our witness and exhibit lists at Docket No. 59.

10 THE COURT: Okay.

11 MS. CARSON: It includes 24 exhibits, the first of  
12 which is Mr. Perry's declaration in support of the motion.  
13 I'd like to go ahead and request that that declaration be  
14 admitted into evidence today as his direct testimony.

15 THE COURT: What's the docket number again Ms. --

16 MS. CARSON: It's 59.

17 THE COURT: Fifty-nine.

18 MS. CARSON: This would be 59-1. Mr. Perry is  
19 available virtually for cross-examination, and I would like  
20 to supplement Mr. Perry's declaration if admitted into  
21 evidence with just a little bit of additional testimony for  
22 today.

23 THE COURT: Okay. Let me go around. Does anyone  
24 object to the entry of the declaration?

25 MR. PEATTERSON: Yes, Your Honor. It's --



1 THE COURT: Okay. All righty, Mr. Perry is going  
2 to have to testify.

3 MS. CARSON: Understood, Your Honor. I would also  
4 like to go ahead just for efficiency's sake considering we  
5 have so many exhibits and request the admission of Exhibits  
6 2 through 24.

7 THE COURT: Do all these relate to the 39?

8 MS. CARSON: They do.

9 THE COURT: Okay.

10 MS. CARSON: Well, Your Honor, let me clarify  
11 actually. There are two that we removed from the list. So,  
12 Exhibit No. 21 and Exhibit No. 19 no longer relate to the  
13 list of the 39.

14 THE COURT: Which ones?

15 MS. CARSON: It is Exhibit 19 and Exhibit 21.

16 THE COURT: Okay.

17 MS. CARSON: So, we can remove those.

18 THE COURT: Nineteen and 21 or 19 through 21?

19 MS. CARSON: Nineteen and 21.

20 THE COURT: Okay. So, 2 through 18 and 20, 22  
21 through 24?

22 MS. CARSON: Correct.

23 THE COURT: Okay.

24 MS. HEARD: Your Honor, I have an objection to  
25 Exhibit 14, the entry of Exhibit 15, authentication,

1 hearsay, relevance. It's not relevant to today --

2 THE COURT: You can -- you can just -- you can  
3 just object and they'll have to put it on. Okay.

4 MS. HEARD: Thank you.

5 THE COURT: Just looking for any (indiscernible),  
6 so 15 no. Any other objections to any of the other  
7 exhibits, the admission?

8 MR. PATTERSON: Yes, Your Honor.

9 THE COURT: Okay.

10 MR. PATTERSON: Two through six are pleadings.  
11 So, if the Court will admit those for the limited purpose of  
12 showing what was filed, I'm okay with that, but otherwise  
13 they're hearsay, and then 22 and 23.

14 THE COURT: Okay. So, you're okay with admitting  
15 2 through 6 for the purposes of -- not for the truth of the  
16 matter asserted within the pleadings, but the fact that  
17 there are -- the pleadings themselves were filed? I think  
18 that's what you were mentioning, Mr. Patterson. Did I get  
19 that right?

20 MR. PATTERSON: That's right, Your Honor. I'm  
21 sorry. Yes.

22 THE COURT: Okay. No, no, no, I was -- I meant to  
23 look at Ms. Carson, but I want to make sure that I got the  
24 statement correct. Are you okay with that?

25 MS. CARSON: Yes.

1           THE COURT: Okay. Two through 6 are admitted into  
2 evidence as for the -- recognize that they were pleadings on  
3 file and they said what they said, but not necessarily for  
4 the truth of the matter -- of the statements asserted  
5 therein, and any other objections? Okay. So, let's see.  
6 You've got --

7           MS. CARSON: By my list, Your Honor, it looks like  
8 exhibits -- we have objections to Exhibits 15, 20, and 22  
9 outstanding. Oh, excuse me, 22 and 23.

10          THE COURT: So, that would mean that 2 through 14  
11 are admitted, 16 through 18, 24 is admitted. Did I get that  
12 right? Two through 14, 16 through 18, and 24?

13          MS. CARSON: Yes.

14          THE COURT: Okay. Okay.

15          MS. CARSON: All right. Then I'll call Mr. Perry  
16 to the stand -- the virtual stand.

17          THE COURT: Okay. Mr. Perry, if you're on the --  
18 you're on the line? Let's see, I need to --

19          MR. PERRY: (Indiscernible).

20          THE COURT: Okay. I think I got you, Mr. Perry.

21          MR. PERRY: All right. Can you hear me, Your  
22 Honor?

23          THE COURT: Just fine. Thank you very much, sir.  
24 Let me have you raise your right hand. Do you swear to tell  
25 the truth, the whole truth, and nothing but the truth?

1 MR. PERRY: I do.

2 THE COURT: Okay. Mr. Perry, you've been sworn  
3 under oath and you understand the oath that you took is the  
4 same that you would take if you were live in the courtroom  
5 with me?

6 MR. PERRY: Yes, sir.

7 THE COURT: Okay. And can you confirm for me,  
8 since you're appearing virtually, whether you have any notes  
9 with you in front of you or any documents or any statements  
10 in front of you?

11 MR. PERRY: I do not, Your Honor.

12 THE COURT: Okay. Just before we proceed, Ms.  
13 Carson, in terms of presenting evidence, documents to the  
14 witness, how do you intend to proceed?

15 MS. CARSON: My colleague --

16 THE COURT: Just from a technical standpoint?

17 MS. CARSON: Yes, my colleague Aaron Kaufman is on  
18 the line and he would be I'm sure happy to provide those  
19 evidence if it's acceptable to the Court.

20 THE COURT: Okay.

21 MS. CARSON: If he can share his screen.

22 THE COURT: Okay. Mr. Kaufman, I'm going to make  
23 you the presenter. But again, I'm going to just ask that,  
24 you know, I know that -- make sure that the examination --  
25 the presentation of evidence follows the examination.

1           So, in other words, don't do that. I want -- I  
2   want -- I want the screen empty until she asks that a  
3   document get put up and we can proceed like in Court, we  
4   were live. So, is there a way you can block your screen?  
5   Or should I remove you as the presenter?

6           Thank you. All right. Ms. Carson, you may  
7   proceed.

8           MS. CARSON: Thank you.

9           DIRECT EXAMINATION OF RUSSELL PERRY

10   BY MS. CARSON:

11   Q    Mr. Perry, please state and spell your name for the  
12   record.

13   A    Russell Perry, R-U-S-S-E-L-L, P-E-R-R-Y.

14   Q    Please introduce yourself to the Court.

15   A    Hello. My name is Russell Perry. I'm currently the  
16   Chief Restructuring Officer -- the proposed Chief  
17   Restructuring Officer for Tehum Care, the Debtor here in  
18   front of Your Honor. I'm a senior managing director at  
19   Ankura Consulting. We are a global consulting firm that  
20   specializes in various aspects of distress, transactional  
21   litigation-type matters. I currently am the (indiscernible)  
22   turn around and restructuring practice out of our Dallas  
23   location.

24           I've been practicing restructuring for about 16  
25   years. My practice focuses mostly on the healthcare space.

1 I worked with all various types of healthcare entities. And  
2 my background is a bachelor of science in agribusiness from  
3 Texas A&M, an MBA from Texas A&M, and I'm currently a CFA  
4 charter holder.

5 Q And when were you retained by the Debtors as CRO?

6 A I was retained actually the day of the filing. Much  
7 like Mr. Brookner mentioned in his opening, I also was  
8 notified of the potential Chapter 11 the night before in the  
9 wee hours of the morning. I was officially retained that  
10 morning and then became effectively this CRO of the Debtor  
11 the day that the Debtor filed for Chapter 11.

12 Q What specific types of restructuring or bankruptcy  
13 related roles have you held? Or titles, if you will?

14 A I held -- yeah, (indiscernible) across the board. I've  
15 been a Chief Restructuring Officer, Chief Transformation  
16 Officer, Strategic Restructuring Advisor. I've been a  
17 restructuring advisor. I've been an independent director.  
18 I've served in various interim management capacities, and  
19 I've had various roles working both for the company side or  
20 Debtor side engagements. I've also represented lenders.  
21 I've represented other various constituencies in in-court  
22 and out-of-court restructuring situations.

23 Q In those roles, what have been your general just -- or  
24 what have been your duties generally?

25 A Well, they're a little different in a fiduciary

1 capacity, like an officer role versus an advisor role. So,  
2 let me -- let me deal with the former. You know, as a chief  
3 restructuring advisor, for example, a CRO comes with various  
4 authorities and fiduciary duties on behalf of the Debtor.  
5 Typically the CRO reports directly to the Board of Directors  
6 or the director of that specific Debtor with, again, certain  
7 authorities to effectuate, shepherd, and execute a  
8 restructuring plan.

9 My duties always start with a significant amount  
10 of due diligence, due diligence around what assets the  
11 Debtor may or may not own, what liabilities and obligations  
12 are outstanding to the Debtor or the company that we are  
13 working for.

14 We focused very strongly on financial performance,  
15 on liquidity, on cash, understanding the path of why the  
16 company or the Debtor is effectively in distress and why the  
17 situation calls for someone like myself or my colleagues.

18 In my capacity, I'm reviewing financial  
19 statements. I'm reviewing documents. I'm reviewing  
20 contracts. I'm reviewing, you know, organizational charts  
21 and like in order to get your -- you know, to get our arms  
22 around the extent of the situation, again, the cause of the  
23 distress, and to form of view and a path as a -- as to the  
24 strategic alternatives available to the Debtor.

25 So, it's a -- it's a very broad somewhat, you

1 know, wide open type situation at the beginning until we're  
2 able to narrow down to exactly what the solution would be,  
3 propose that solution to the various stakeholders involved  
4 and seek to execute it, whether it be in court or out of  
5 court.

6 Q In the course of reviewing contracts, have you come  
7 across any indemnity provisions?

8 A You're referring to this individual case here?

9 Q No, just in your general duties in your experience as  
10 CRO or in those other roles, have you come across indemnity  
11 provision when reviewing contracts?

12 A I have. Indemnity provisions (indiscernible) fairly  
13 standard across various contractual obligations. Many times  
14 trade vendors will include indemnity agreements, contractors  
15 positions. You know, it's really across the board. It's  
16 not a surprise that an indemnification or hold harmless  
17 provision (indiscernible) be contained in various documents  
18 in which services are being provided.

19 My own engagement letter, for example, to Ankura  
20 that the Debtor executed, we have an entire section and a  
21 schedule related to an indemnification and the standards by  
22 which that indemnification is governed. So, I do see them  
23 from time to time.

24 I'm not a lawyer. I don't practice any type of  
25 law. So -- but I am aware of the existence of the



1 indemnification agreements and I do have a general  
2 understanding of how they work.

3 Q Have you served in any specific bankruptcy roles in  
4 Texas recently?

5 A I have. We confirmed a Chapter 11 plan in front of  
6 judges here just a few weeks ago in a matter by the name of  
7 Pipeline Health. Pipeline Health was a very complicated  
8 safety net hospital Chapter 11. I was the Chief  
9 Transformation Officer similar to a CRO. We filed in early  
10 October, had a very extensive, complicated, but very fast-  
11 moving case. There were -- a confirmation hearing occurred  
12 I think it was late mid-January and the effective date was  
13 February 6th. So, we're just wrapping up that engagement.

14 I had another situation I was involved in --

15 MR. PATTERSON: Your Honor, I'm going to --

16 MS. HEARD: Objection.

17 THE COURT: Hold on a second. There's an  
18 objection pending.

19 MR. PATTERSON: I hate to interrupt, but I'm going  
20 to object as to relevance as it's not an employment hearing.  
21 We've got his background. I don't know that any of this is  
22 relevant for today.

23 MS. CARSON: I think establishing his background  
24 is relevant since he is testifying, but I think that was the  
25 last of the background information. So, I'm happy to move

1 on, Your Honor.

2 THE COURT: Okay.

3 BY MS. CARSON:

4 Q Mr. Perry, since your retention by the Debtor, which  
5 you said was on February 13th, what have you been doing to  
6 get your arms around the Debtor situation?

7 A Yes, just what you mentioned. I've been working to get  
8 my arms around. I have two Ankura colleagues that have been  
9 working alongside me as well as other folks inside the firm.  
10 We have been meeting with as many individuals as we can from  
11 the Debtor's director to obviously counsel, reviewing  
12 documents, you know, gathering as much information and data  
13 as we possibly can.

14 The work is underway. We've had on-site meetings,  
15 you know, with various folks. We're developing work plans.  
16 We have, you know, thousands upon thousands of pages that  
17 we've -- we've flipped to -- you know, through and reviewed,  
18 everything from organizational documents to various  
19 contracts and the like and we'll discuss some of this as the  
20 evidence is presented.

21 And so, our job has been, you know, much like we  
22 would if we were involved much earlier than an actual  
23 Chapter 11, our job has been to understand the assets and  
24 the liabilities of the Debtor.

25 Mr. Brookner mentioned, you know, some potential

1     asset recoveries, at least in his opening. You know, we  
2     have a general understanding that there are and hopefully  
3     will be access to certain assets. We have just now started  
4     to gather the information to prepare the schedules and  
5     statements of the Debtor. That requires a significant  
6     amount of data gathering with respect to previous  
7     transactions, previous disbursement, the various assets, the  
8     various contracts, and the various liabilities.

9             So, today, I think this is day 16 or so of my  
10    role, and it's been very much the proverbial drinking from  
11    the firehose, and you know, it continues even, you know, at  
12    this time.

13    Q     Are you generally familiar with the Debtor's record-  
14    keeping practices?

15    A     I am. Of course that's, you know, part of the  
16    questions and the diligence process that you do when you  
17    step into a situation just to understand and try to form a  
18    view as to what books and records exist, (indiscernible)  
19    keeping them, how comprehensive they may be.

20             In this situation, because I've been working with  
21    counsel to pull a lot of legal documents and contracts, my  
22    understanding is the Debtor has an electronic data storage  
23    database. It's called E-Contract or something along those  
24    lines, at least for legal documents. The Debtor uses  
25    PeopleSoft, for example, for financial statements. You

1 know, we've been working through the books and records as it  
2 relates to cash transactions, and you know, company  
3 transactions and all those various things.

4 So, my understanding is that the books and records  
5 are kept electronically. I haven't had to sift through, you  
6 know, boxes of files at least in the 16 days that I've been  
7 involved. Most of the information has been presented and  
8 prepared electronically, and you know, provided to us  
9 electronically.

10 Q Mr. Brookner mentioned this a bit during his opening,  
11 but prior to May 5, 2022, what was the Debtor's business  
12 generally?

13 A Sure. Certainly I wasn't involved at that point, but  
14 you know, my understanding is the Debtor was in fact  
15 providing or would seek the provision of care to other  
16 parties from a contractual obligation or relationship,  
17 healthcare to correctional facilities across the country.  
18 Based on what I've been able to read and ascertain, at one  
19 point, the Debtor might have been the largest provider of  
20 healthcare to correctional facilities across the country.

21 MR. PATTERSON: Object at this point, Your Honor.  
22 It's hearsay (indiscernible). He said that's what he read.  
23 So, it's hearsay.

24 THE COURT: Sustained.

25 BY MS. CARSON:

1 Q Mr. Perry, was the Debtor ever involved in a divisional  
2 merger?

3 A Yes, it was. Mm-hmm.

4 Q And when was that merger effective?

5 A That merger was effective on May 5, 2022.

6 Q Did the Debtor create a plan of divisional merger?

7 A It did.

8 Q And have you reviewed that plan?

9 A I have. I have reviewed that as part of my review of  
10 the various documents the Debtors have produced.

11 Q Mr. Kaufman, could you please pull up Exhibit 10? Mr.  
12 Perry, what is this document?

13 A That's the board's consent? That would have been the  
14 consent for the divisional merger as I recall.

15 Q And Mr. Kaufman, please go to Page 23 of 203 of that  
16 document. Is this the plan that you referenced?

17 A It is. That's the plan of divisional merger, correct.  
18 It does say the date of May 1st, but the actual effective  
19 date was I believe May the 5th through some other documents.

20 Q Under the plan of divisional merger generally, what  
21 liabilities were allocated to the Debtor?

22 A Actually, there were quite a few. So, generally, the  
23 liabilities consisted of, you know, obligations related to  
24 contracts that were allocated to the Debtor. My  
25 understanding is that they're contracts for services that

1 may not have been provided to the Debtor any longer or to --  
2 I'm sorry, that services that were terminated that were no  
3 longer being provided by the Debtor at that point in time,  
4 and so the contracts and the related liabilities would have  
5 been allocated to the Debtor.

6 In addition, my understanding is there were a  
7 number of what's called PLI or personal liability, personal  
8 injury-type claims that were also allocated to the Debtor,  
9 other types of employee-related obligations and liabilities.

10 There's a fairly lengthy schedule at the back of  
11 the plan of divisional merger that lays out exactly what was  
12 allocated, but there were both, you know, assets and  
13 liabilities.

14 Q And what assets were allocated to the Debtor in the  
15 divisional merger?

16 A Yeah, so (indiscernible) really an asset, it was more  
17 of a removal of -- that's not the right word, but there was  
18 \$100 million of secured debt that was allocated to call it  
19 Newco or the current operating company that Mr. Brookner  
20 mentioned in his opening. So, that was a liability  
21 originally on the former books of the original company that  
22 was not allocated to the (indiscernible) so it was sort of  
23 removed. So, it wasn't necessarily an asset. It was a  
24 liability that didn't get allocated down.

25 Other assets were, you know, various potential

1 recoveries from insurance, you know, contracts. There was I  
2 think a million dollars or I know there was a million  
3 dollars of cash that was allocated to the Debtor, and then  
4 there was an agreement that is labeled the funding  
5 agreement, and what that funding agreement represented was a  
6 \$15 million source of funds to the Debtor to fund  
7 effectively resolution of claims and any cost or, you know,  
8 other related expenses in order to effectively prosecute or  
9 adjudicate those claims.

10 Q You mentioned what you called Newco. What entity is  
11 Newco? Do you recall the entity name?

12 A So, yeah, at the time of the divisional merger, the  
13 entity name was CHF Texas, Inc. An entity by the name of  
14 YesCare purchased that entity, and that's what I understand  
15 is the reference to Newco, YesCare, and CHS Texas  
16 effectively buying YesCare's purchase of CHS Texas.

17 Q We talked about liabilities allocated to the Debtor in  
18 the merger. Were any liabilities also allocated to Newco or  
19 CHS?

20 A They were. You know, similar to how I explained  
21 (indiscernible) from a contractual standpoint, contracts  
22 that were my understanding still in an active form, meaning  
23 services were still being provided, those contracts as well  
24 as the liabilities attached thereto were allocated to Newco.  
25 There were also a significant amount of the, you know, types

1 of cones that I mentioned a second ago, the personal  
2 liability, personal injury-type claims. Those were also  
3 allocated to Newco. The \$100 million of secured debt  
4 obligations I mention a second ago, that was allocated to  
5 Newco, and there may have been, you know, a handful of trade  
6 obligations that didn't have a contractual obligation, but  
7 we're also allocated. There's a full allocation schedule in  
8 the schedules of the planned divisional merger that sort of  
9 lay out exactly what was allocated to which entity.

10 Q Mr. Perry, what is the purpose of the motion before the  
11 Court today?

12 A Well, the purpose is to provide for and establish an  
13 automatic stay to various non-Debtor affiliates, non-Debtor,  
14 you know, (indiscernible) or full officers and directors of  
15 the Debtors, you know, non-Debtor contractual counterparties  
16 in which there may be liabilities attached. So, the purpose  
17 of the motion is to provide for effectively a stay of those  
18 various obligations in the litigation claims, roughly 39 of  
19 them.

20 MS. HEARD: Your Honor, I have an objection. He's  
21 already told us he's not a lawyer.

22 THE COURT: That's not an objection. What's your  
23 objection, Counsel? That's a statement.

24 MS. HEARD: Your Honor, he's being -- I'm sorry.  
25 He is -- he is -- he is arguing a legal position, and he is



1 not a lawyer. He's being put on -- he's not being put on as  
2 an expert witness.

3 THE COURT: Counsel, what's your response?

4 MS. CARSON: Your Honor, he was expressing his  
5 view of why we are here before the Court as Chief  
6 Restructuring Officer. I believe he's available -- he's  
7 able to express his view and opinion on the topic.

8 THE COURT: Yeah, he's just talking about the  
9 motion. I'm going to overrule the objection.

10 BY MS. CARSON:

11 Q Mr. Perry, are you aware that after the motion to  
12 extend stay was filed, we filed a notice of revised proposed  
13 order at Docket No. 107?

14 MR. PATTERSON: Objection, Your Honor. She's  
15 leading the witness.

16 THE COURT: Sustained.

17 BY MS. CARSON:

18 Q Mr. Perry, after we filed our motion, did the Debtor  
19 revise the proposed order attached to that motion?

20 MR. PATTERSON: Objection, Your Honor. Leading  
21 the witness.

22 THE COURT: It's -- overruled. He an answer. We  
23 can get there.

24 BY MS. CARSON:

25 A Yes, the Debtor did file a revised order -- proposed

1 order.

2 Q Did that proposed order include an exhibit?

3 A It did.

4 Q And what was on that exhibit?

5 A The exhibit would have listed 39 individual cases and  
6 various non-Debtor affiliates, (indiscernible) officers and  
7 other, you know, clients -- non-Debtor clients that we would  
8 be seeking the stay for today.

9 Q Are there any parties on that list whom the Debtor is  
10 seeking to extend the stay to today that are not covered by  
11 some type of indemnity provision?

12 MR. PATTERSON: Objection, Your Honor. She has to  
13 lay the foundation that he has knowledge. He hasn't  
14 testified that there's any way he would know that.

15 THE COURT: Sustained.

16 BY MS. CARSON:

17 Q Let's move to discuss the lawsuit that you previously  
18 mentioned, Mr. Perry. How many cases are there in which the  
19 Debtor is currently a defendant?

20 A I'm still obviously gathering their information. My  
21 understanding is there's several hundred, maybe 300, 400. I  
22 think the count's pretty high.

23 Q Have you generally reviewed each of the 39 complaints  
24 that correspond to the cases potentially impacted by the  
25 stay today?

1 A I've generally reviewed them. I have, you know, opened  
2 them. I've scanned just to get a feel for what exactly were  
3 the claims that were being made.

4 Q We've talked a little bit -- or Mr. Brookner mentioned  
5 in his opening that these claims fall into different  
6 buckets. In which bucket or category do most of these  
7 lawsuits fall?

8 A Most of these are going to be the claims that I  
9 mentioned a second ago related to what are called personal  
10 injury, medical malpractice, things of that nature. Most of  
11 the claims, at least that I -- based on my understanding,  
12 are going to relate to that category.

13 Q In the motion to extend stay, I just want to clear up  
14 some of the definitions that we used in there so that we are  
15 all on the same page. There are certain defined terms like  
16 indemnified clients, indemnified D's and O's, non-Debtor  
17 affiliates. Are you familiar with those terms as used in  
18 the motion?

19 A I am.

20 Q Who would fall into what we're calling the indemnified  
21 client category?

22 A This would include various state Department of  
23 Corrections or the State Department of Correction Agency,  
24 its Employees, its Officers. (Indiscernible) an indemnity  
25 related to that contractual obligation between the Debtor

1 and the state at that time and its employees.

2 Q Who would qualify as what we're calling the indemnified  
3 D's and O's?

4 A That would have been the directors and officers at the  
5 time of the divisional merger that would have been, you  
6 know, identified through various documents that I've  
7 reviewed. It would have been, again, the directors and  
8 officers of the Debtor entity.

9 Q Are only D's and O's included under that defined term  
10 or are others included as well?

11 A Well within that category there are three or four names  
12 that are not directors and officers but are -- there's an  
13 indemnification relationship based upon a different type of  
14 contract than what I mentioned earlier in the client  
15 category that would have been --

16 MR. PATTERSON: Objection to that, Your Honor.  
17 It's hearsay and there's lack of foundation. He can't  
18 testify that there's any such agreement based upon his prior  
19 testimony. Plus, if he's referring to a document, we don't  
20 have that document, so it's --

21 THE COURT: I'll sustain it on that basis.

22 BY CARSON:

23 Q Mr. Perry, who falls into the non-Debtor affiliate  
24 definition?

25 A That would be the entities I mentioned earlier as

1 Newco, CHF Texas and YesCare.

2 Q I'll direct you and the Court to the demonstrative  
3 chart that was filed at Docket No. 108.

4 MS. CARSON: For the benefit of everyone in the  
5 courtroom, I do have paper copies as well if you would like  
6 them. Your Honor, I believe there's also a paper copy up at  
7 the bench for you.

8 THE COURT: I'm just going to look at it on the  
9 screen. Thank you.

10 BY MS. CARSON:

11 Q Mr. Perry, have you seen this chart before?

12 A I have.

13 Q And what does it reflect?

14 MR. PATTERSON: Your Honor, I'm going to object.

15 THE COURT: Hold on. Hold on.

16 MR. PATTERSON: I'm going to object as to hearsay.

17 This document, it's not demonstrative. It's referring to  
18 documents that aren't in evidence, and he's also -- based  
19 upon his testimony, he can't verify the information, at  
20 least as I've read it. And so, I'm going to object --

21 THE COURT: I'm going to -- I don't know what the  
22 question that you're going to ask about the document, so --

23 MR. PATTERSON: Well, she's asking him to read  
24 something and interpret something --

25 THE COURT: Why don't we let her ask it, Mr. -- I

1 was -- I need to get some clarification on what the question  
2 was. I apologize. What's the question?

3 MS. CARSON: Your Honor, this is just a  
4 demonstrative to help us today walk through the different  
5 entities, those 39 that we mentioned that are subject to the  
6 stay. Given that there are 24 exhibits, I thought it would  
7 be helpful for everyone if we had just a list. This is not  
8 being -- we're -- I'm not requesting that this is going to  
9 be admitted into evidence. It's just to aid in walking  
10 through the exhibits and the testimony today.

11 MR. PATTERSON: Well, the problem is, is that the  
12 only person being aided is the witness. We don't need this.  
13 The witness is here to provide us information. Now, the  
14 lawyer is giving him a tool to read off of.

15 THE COURT: I disagree with that. I'm going to  
16 overrule. We can just use that as a demonstrative for  
17 purposes -- it's the relief requested in the motion. It's  
18 appropriate.

19 BY MS. CARSON:

20 Q Mr. Perry, I think that you were cut off. I asked what  
21 does this chart reflect.

22 A These represent roughly if my count's right 23 various  
23 (indiscernible) names, indemnified clients and non-Debtor  
24 affiliates, indemnified D's and O's, and to the question  
25 asked a few minutes ago down at the bottom of the table,

1 three out of those four names are not technically  
2 indemnified D's and O's. They would be a separate  
3 contractual obligation.

4 MR. PATTERSON: Your Honor, I'm going to object to  
5 foundation. And if I could ask him two questions on voir  
6 dire? One question. I'll limit it to one question. I can  
7 (indiscernible) on voir dire in this document.

8 THE COURT: Yeah, I'm going to overrule you, Mr.  
9 Patterson. We're just talking about an exhibit that was  
10 filed with the motion.

11 MR. PATTERSON: Well --

12 THE COURT: You'll be able to cross him.

13 MR. PATTERSON: -- it wasn't filed with the  
14 motion, Your Honor.

15 THE COURT: No, I'm saying it's the supplemental  
16 exhibit. You can -- you can ask all your questions and I'm  
17 sure that I'm going to give you a free rein to ask them,  
18 but.

19 MR. PATTERSON: Yes, sir.

20 THE COURT: Thank you.

21 BY MS. CARSON:

22 Q Mr. Perry, if you look about halfway down that page,  
23 there's a category for non-Debtor affiliates. What is the  
24 basis for extending the stay to these non-Debtor affiliates?

25 A Well, my thing is there's an indemnification

1 relationship between the Debtor and those two affiliates.

2 Q And where are those indemnification obligations?

3 A They're stated within the plan of divisional merger.

4 There's a specific section that references the indemnities

5 offered to Newco, and I define those two entities as the

6 Newco entities.

7 Q If we go back to Exhibit 10, please? And Page 4 of the

8 plan, which is Page 26 of 203 of the PDF, do you see the

9 indemnification provisions you referenced on this page?

10 A I do.

11 Q And where is it?

12 A That's Paragraph 11, Subsection A, the (indiscernible)

13 indemnity.

14 Q What does this paragraph provide generally?

15 MR. PATTERSON: Objection, Your Honor. Calls for

16 a legal conclusion. He can -- we can all read it. It's on

17 the screen, but it's improper to ask him what it means.

18 THE COURT: Can you repeat your question again,

19 Counsel?

20 BY MS. CARSON:

21 Q Mr. Perry, what is your understanding as CRO --

22 MR. PATTERSON: Objection as to relevance. It

23 doesn't matter what he thinks it means.

24 THE COURT: I don't know what the question was,

25 though. I'm going to --



1 MS. CARSON: I'll move on. I don't know if it's -  
2 - this document is in evidence, so I can move on.

3 BY MS. CARSON:

4 Q You previously testified, Mr. Perry, that you generally  
5 reviewed each of the complaints that underlie our stay  
6 extension request today. Is the Debtor seeking to extend  
7 the state to CHS or YesCare for any liabilities allocated to  
8 CHS or YesCare in the plan of divisional merger?

9 A They are not. It -- no, that's not what the stay is  
10 meant for.

11 Q If we go back to the demonstrative chart, the very  
12 first category there is indemnified clients. What is the  
13 basis for seeking to extend the stay to these indemnified  
14 clients?

15 A The basis would be the existence of an indemnification  
16 clause between the Debtors and each individual contract  
17 counterparty that these names would be contained within  
18 (indiscernible).

19 Q Are you aware that the Debtor filed a witness and  
20 exhibit list at Docket No. 59?

21 A I am.

22 Q Have you reviewed that witness and exhibit list?

23 A I did. I did. Mm-hmm.

24 Q Are the contracts that include the indemnity --  
25 indemnity provisions you referenced included on that list?

1 MR. PATTERSON: Objection, Your Honor. Calls for  
2 hearsay --

3 THE COURT: Yeah, I'll sustain.

4 BY MS. CARSON:

5 Q Please turn to Exhibit 13. Are you familiar with this  
6 contract?

7 A I have read through this contract. Mm-hmm.

8 Q And what is it?

9 A This is a contract between the Debtor entity at the  
10 time and the State of Arizona.

11 Q Looking back at that demonstrative chart, the first  
12 person in the indemnified client section is Charles Ryan.  
13 What is the basis for seeking to extend the stay to Mr.  
14 Ryan?

15 A Well, in that agreement that you -- that we just had on  
16 the screen, there is an indemnification clause within that  
17 agreement that would have provided for an indemnification to  
18 --

19 MR. PATTERSON: Objection, Your Honor.

20 THE COURT: Hold on. There's an objection.  
21 Counsel -- there's an objection.

22 MR. PATTERSON: Calls for a legal conclusion if  
23 he's going to tell us what the agreement means and what it  
24 does. That's -- he can't do that, which is what his answer  
25 was doing.

1 THE COURT: Overruled. You can answer.

2 BY MS. CARSON:

3 A Your Honor, there is a -- there's an indemnification  
4 provision within this document, and based on what I've read,  
5 the document provides for an indemnification for the state's  
6 employees.

7 Q If we go to Page 11 of 14 of Exhibit 13? And Mr.  
8 Perry, do you see any indemnification provisions here?

9 A I do. It's Paragraph 4.

10 Q Are any other parties besides Mr. Ryan covered by this  
11 same indemnity provision?

12 A (indiscernible) I think there are two other parties  
13 that are covered by this indemnification. It would be on  
14 the demonstrative.

15 Q Please turn to Exhibit 22. Are you familiar with this  
16 document, Mr. Perry?

17 A I am. I've reviewed this document. Mm-hmm.

18 Q And what is it?

19 A This is again an agreement between the City of New York  
20 and the Debtor entity to provide, you know, healthcare  
21 services.

22 Q The second party on our demonstrative chart is the City  
23 of New York. What is the basis for seeking to extend the  
24 stay to New York?

25 A Similar to the last situation, there's an

1 indemnification provision within the document that would  
2 provide for an indemnity --

3 MR. PATTERSON: Objection, Your Honor, that's  
4 hearsay. He's referring to a document that's not in  
5 evidence, and that would be hearsay.

6 THE COURT: My understanding of the question was  
7 what -- why are they seeking to extend the stay with respect  
8 to the City of New York. I don't --

9 MR. PATTERSON: Sure, and his answer was referring  
10 to something in this document. That's hearsay.

11 THE COURT: I think he was just talking generally.  
12 I don't think he was referring to the document. So, to the  
13 extent he was, I misunderstand. Maybe -- can you repeat  
14 your answer?

15 THE WITNESS: Sure. We're seeking to extend the  
16 stay to the City of New York due to an indemnification  
17 relationship between the Debtor and the city.

18 THE COURT: Okay.

19 BY MS. CARSON:

20 Q Is this a true and correct copy of this document?

21 THE COURT: Don't you probably need to flip  
22 through? Why don't you flip through the document?

23 BY MS. CARSON:

24 Q I think we've scrolled through all 157 pages. Thank  
25 you, Mr. Kaufman. Mr. Perry, is this a true and correct

1 copy of this document?

2 A It appears so. Mm-hmm. Yes.

3 MR. PATTERSON: Your Honor, I'd like to take the  
4 witness on voir dire if I could.

5 THE COURT: I think --

6 MS. CARSON: Your Honor, Mr. --

7 THE COURT: I don't think they've moved it into --

8 MR. PATTERSON: Okay. I'll wait.

9 MS. CARSON: Mr. Kaufman, could you please turn to  
10 Page 37 of 157?

11 BY MS. CARSON:

12 Q Do you recognize the signature of the person signing  
13 for Corizon on this page?

14 MR. PATTERSON: Objection. She's leading the  
15 witness.

16 THE COURT: Overruled.

17 BY MS. CARSON:

18 A Yes, that's Stewart Campbell, the President and CEO --  
19 COO at the time.

20 Q And I believe at the beginning of your testimony, you  
21 testified that you are generally familiar with the Debtor's  
22 business records; is that accurate?

23 A As familiar as I can be with the time that I've had,  
24 yes.

25 MS. CARSON: Your Honor, I'd move to admit Exhibit

1 22.

2 THE COURT: Okay. Any objection?

3 MR. PATTERSON: Yes, Your Honor. If I could take  
4 the witness on voir dire?

5 THE COURT: Okay.

6 VOIR DIRE EXAMINATION OF RUSSELL PERRY

7 BY MR. PATTERSON:

8 Q Mr. Perry, you indicated under oath that you recognized  
9 the signature --

10 THE COURT: Mr. Perry, can you hear Mr. Patterson?  
11 I want to make sure -- just to make sure. Maybe might need  
12 to get him close to a mic.

13 MR. PATTERSON: I can --

14 THE COURT: Hold on. We're going to get a  
15 microphone. I want to make sure that you can hear him, and  
16 more importantly that Mr. Patterson can articulate his  
17 questions so that you can hear him correctly.

18 BY MR. PATTERSON:

19 Q Can you hear me all right, Mr. Perry?

20 A I can. Mm-hmm.

21 Q All right. You said you recognized the signature  
22 that's on the screen in front of you?

23 A I recognize the signature through my reviewing of the  
24 document. Mm-hmm.

25 Q Do you know this person?

1 A I do not. I do not.

2 Q You've never met them, yet you recognize their  
3 signature?

4 A (Indiscernible) the signature of the document that I  
5 reviewed, and my understanding is from the information I  
6 reviewed that was the president and COO of the company at  
7 the time.

8 Q Wouldn't it be more accurate to say you recognize the  
9 identity of this person, not that you actually recognize  
10 their signature, correct?

11 A I don't fully understand the question. I --

12 Q Can you -- all right. I'll ask it a different way.  
13 Can you sit here and testify under oath that this is a  
14 signature of the person whose name is typed underneath it?

15 A I did not witness Stewart Campbell signing this  
16 document.

17 Q Okay. That's not what you said.

18 A I --

19 Q You said you recognized the signature. Do you?

20 A I'm familiar with the signature on the screen, that  
21 that is the same signature of the document that I reviewed.

22 Q Okay, that it's similar to what you reviewed. It's not  
23 that you recognize this as a particular person's signature,  
24 correct?

25 A I reviewed information with respect to who the officers

1     were at the time that this document was executed. The  
2     information I reviewed suggested Stewart Campbell was, in  
3     fact, the president and COO. I have seen his signature here  
4     on the page. And so, I recognize his signature on the page  
5     with the document that I reviewed and I reviewed the fact  
6     that he was the president and COO or at least that's the  
7     information that was provided to me.

8     Q     Okay. And that's a lot of words, but that's not the  
9     question that was asked. All right? If you listen, Mr.  
10    Perry, my question to you is you swore under oath you  
11    recognize this as the signature of Mr. Campbell. Is that  
12    what you did or is that not what you did?

13   A     I testified that I recognized the signature of Stewart  
14   Campbell because I recognize what's being shown on the  
15   screen as the signature and the document that I've reviewed.

16   Q     Okay. So, what you're doing today, and you're sticking  
17   to the story, is you're telling this Court that under oath  
18   you testified this is Mr. Campbell's signature, yet you've  
19   never met the man, right?

20   A     I have never met Mr. Campbell.

21   Q     Okay. That's not my question. Listen to my question,  
22   Mr. Perry. Are you sticking to your story that your  
23   testimony under oath today is you recognize Mr. Campbell's  
24   signature even though you've never met the man?

25   A     The extent of my testimony is exactly what I testified



1 to, which is I reviewed this document. I reviewed  
2 information to understand who the President and COO was at  
3 the time. I -- by the review of that document, I recognize  
4 the fact that the document on the screen has the same  
5 signature as the document that was provided to me. I have  
6 never met Mr. Campbell.

7 Q Right. And I'm going to try one more time, right?  
8 That's not my question. We've got that. This matches what  
9 you were shown in person, right? What's -- the picture on  
10 your screen matches what was put on your desk to look at,  
11 right?

12 A That's correct.

13 Q Okay. My question, however, is are you giving this  
14 Court sworn testimony that you recognize the signature of a  
15 man you've never met?

16 A I don't think my testimony is that I've met Mr.  
17 Campbell.

18 Q All right.

19 A I'm -- I testified exactly what -- the words that I  
20 used a second ago, which is this is a document that's been  
21 based on my read signed and executed by the then president  
22 and COO of the company.

23 Q Okay. And you would rather not answer my question.

24 MS. CARSON: Your Honor, objection. We're  
25 bordering --

1 THE COURT: Sustained. Sustained.

2 MR. PATTERSON: All right.

3 BY MR. PATTERSON:

4 Q Is -- are you -- are you testifying under oath that  
5 this is a complete copy of this agreement?

6 MS. CARSON: Objection. Misstates testimony.

7 MR. PATTERSON: Okay.

8 BY MR. PATTERSON:

9 Q Is it not a complete copy?

10 MS. CARSON: I believe the testimony --

11 MR. PATTERSON: Hold on. I'm asking the witness,  
12 not the lawyer.

13 THE COURT: Let him answer.

14 BY MR. PATTERSON:

15 A My testimony is based on the fact that this document  
16 was provided to me and represented to me that it is a  
17 complete document.

18 Q Who represented that to you?

19 A The Debtor's affiliates who would have -- who I have  
20 been gathering information from.

21 Q No, who, which is a person, who represented that to  
22 you?

23 A Yeah, so this would have been provided by the  
24 individual that works with the entity by the name of Sigma,  
25 Jennifer Finger, who has been providing us with legal

1 documentation for us to review and consider.

2 Q All right.

3 A This was represented to me that it was in fact a  
4 complete contract.

5 Q Okay. Ms. Finger told you this is a complete document.  
6 There's nothing missing, right?

7 A Correct. I have not been told anything is missing from  
8 this document. Correct.

9 Q No, that's not my question. My question is, was it  
10 represented to you that this was a complete document?

11 A Yes.

12 Q It was? They told you that there's nothing missing  
13 from this document?

14 A This is the -- there are certain provisions in certain  
15 documents where things are missing. This is -- so I'd have  
16 to flip back to this document again. There is a specific  
17 exhibit missing from one of the documents. This was the  
18 complete set of pages that was presented to me. Your  
19 question is whether or not every page in the complete  
20 contract was provided to me and represented that it was  
21 complete. That's my understanding, but I could be  
22 incorrect. I've been -- again, this is two weeks. There's  
23 thousands of pages. I'm doing my best to work through each  
24 and every one of the documents.

25 Q I appreciate the fact that it's only been two weeks.

1 We all do. What I'm trying to make sure is that you're only  
2 testifying under oath as to what you can swear to, all  
3 right? Is this a similar situation that we addressed with  
4 the signature, right? When you say this is a complete  
5 document, isn't it true what you're saying is that based  
6 upon what was given to you in person, this appears to be the  
7 same thing, right?

8 A (Indiscernible) electronically. That's correct. If I  
9 can see the indemnification section of this document, I can  
10 actually answer your question.

11 Q Okay. How does one provision tell -- how -- hold on.  
12 How does one provision tell you whether it's a complete  
13 document or not?

14 A Because one of the documents that we're going to be  
15 reviewing today has a specific exhibit in an indemnification  
16 provision. Maybe this document, if I could see the  
17 indemnification provision, I could identify it then I could  
18 answer your question.

19 Q I thought you already looked through this complete  
20 document. You said you did.

21 A I have looked through this document.

22 Q Okay. So, where in this --

23 A I haven't memorized every page and provision, so if I  
24 could see the indemnification provision, I can answer your  
25 question.

1 Q Okay. So, where in this document is the Debtor named?

2 A (Indiscernible) again, I'd have to scroll through the  
3 document, but my understanding is the Debtor name would be  
4 most likely at the very front of the documents in the  
5 opening pages.

6 Q All right. Who do you -- who -- who -- if I were to  
7 ask you who the Debtor is, who would you say?

8 A The Debtor today is Tehum Care.

9 Q It is? That's not who filed the bankruptcy, is it?

10 A Tehum Care Services, Inc. is on the Chapter 11  
11 petition, I believe.

12 Q All right. And they're also in this contract?

13 A They're not.

14 Q Oh, they're not?

15 A They're not a named party.

16 Q Okay. I thought you said that the Debtor was named in  
17 this contract.

18 A You didn't ask me if the Debtor was named in this  
19 contract. You said where can I find the name, and then you  
20 asked me who the Debtor was, and I -- the Debtor was Tecum  
21 Care Services, Inc., and I've already testified to the plan  
22 of divisional merger that there were a (indiscernible) and a  
23 Newco structure that was created.

24 Q All right.

25 A (Indiscernible) the document that was entered into

1 prior to the name Tecum Care Services, Inc.

2 Q All right. And we'll wrap this up. But you also  
3 testified having been there only 14 days, you're not --  
4 you're not familiar with the records or the recordkeeping of  
5 the Debtor, are you?

6 A I don't think that's what I testified to a few minutes  
7 ago.

8 Q No, but I asked you a question. You're not, are you?

9 A I'm sorry. You're going to have to repeat. Are -- I  
10 don't understand what you're asking me.

11 Q It's pretty simple. You're not familiar with the  
12 Debtor's records or recordkeeping, are you?

13 A I am generally familiar with the Debtor's  
14 recordkeeping. I think you're asking if I'm not familiar.  
15 I'm generally familiar with the fact that there are  
16 contracts that are maintained within various contract  
17 databases and various electronic storage applications for  
18 the various contracts.

19 MR. PATTERSON: I renew my objection, Your Honor.  
20 Lack of foundation. It's hearsay, and it's not necessarily  
21 a complete document. He can't testify to it anyway. He  
22 can't even testify as to what it is.

23 MS. CARSON: Your Honor, this is a 157-page  
24 contract. Mr. Perry has testified that he has reviewed  
25 generally the Debtor's books and records during this time.

1 Personal knowledge includes opinions and inferences grounded  
2 in observations and experience. Again, Mr. Perry during his  
3 time as CRO has testified that he's reviewed many documents.

4 Also, I do want to note, I don't believe this  
5 contract actually affects Mr. Patterson's client --

6 MR. PATTERSON: Your Honor --

7 THE COURT: I think she's allowed to finish.  
8 She's allowed to finish.

9 MR. PATTERSON: Well, not if she's coaching the  
10 witness, Your Honor. So, just address the objection.

11 THE COURT: I think -- I think everybody's been  
12 speaking -- doing speaking objections. So, I'm going to  
13 allowed it. The door got opened and I'm allowing it. So,  
14 everybody's been coaching today, so. What else do you need  
15 to say, Counsel?

16 MS. CARSON: I would renew my request to admit  
17 Exhibit 22 into evidence.

18 THE COURT: I'm not going to admit 22. I don't  
19 think he can talk about it. I think it's been properly  
20 authenticated. We'll proceed. I need to talk -- I need to  
21 take a break from this hearing.

22 Mr. Perry, there's a -- there's a 3:00 case that I  
23 think should last about five minutes. I'm going to take a  
24 break from this case. Mr. Perry, I'm going to still remind  
25 you that you're still under oath.

1 (Recess)

2 THE COURT: Can we just -- in Tehum, can we just  
3 take a short break 'til 3 -- just give me eight minutes,  
4 3:15? And can you let Mr. Patterson know? We're just going  
5 to just take a break until 3:15 and then we'll pick back up.  
6 I just want to sign this, get my stuff back up, and make  
7 sure that my computer doesn't crash in the -- in the -- in  
8 between. I want to make sure. Thank you.

9 MS. CARSON: Understood.

10 CLERK: All rise.

11 THE COURT: Oh, no, no, no, no one rise.  
12 (Indiscernible). I'm sitting here. All sit. Let me figure  
13 this out. Yeah. (Indiscernible). Let's see.

14 (Recess)

15 CLERK: All rise.

16 THE COURT: Please be seated. Okay. I want to  
17 thank everyone for allowing me to (indiscernible) for a bit  
18 here. Let me -- Mr. Perry, are you there?

19 MR. PERRY: Can you hear Ms. -- Your Honor?

20 THE COURT: Just fine. Okay. Ms. Carson, you may  
21 continue.

22 MS. CARSON: Mr. Kaufman, can you please turn to  
23 Exhibit 24?

24 THE COURT: Who?

25 MS. CARSON: Mr. Kaufman, my colleague who's



1 running the documents.

2 THE COURT: Let's see. Yeah, I believe -- yeah,  
3 he's still the presenter.

4 MS. CARSON: And that was 24, please. Twenty-  
5 four, please, Mr. Kaufman. Is your screen -- there we go.  
6 Thank you.

7 DIRECT EXAMINATION OF RUSSELL PERRY

8 BY MS. CARSON:

9 Q Mr. Perry, are you familiar with Exhibit 24?

10 A Judging by the top of this page, this is a document  
11 that I was provided with. I am familiar with it.

12 Q And --

13 A Judging by what I'm seeing.

14 Q -- what is this document?

15 A This is a document between Corizon Health, Inc. and  
16 Clackamas County that would have been for the provision of  
17 healthcare services.

18 Q The third person on our demonstrative chart is  
19 Clackamas County. What is the basis for seeking to extend  
20 the stay to them?

21 A An indemnification relationship between Corizon Health,  
22 Inc. and Clackamas County.

23 Q Please turn to Page 16 of 60. And Mr. Perry, do you  
24 see an indemnification provision?

25 A (Indiscernible) hold harmless, but it references

1 indemnification, (indiscernible) harmless and defending the  
2 client. So, yes.

3 Q Mr. Kaufman, can you please move to Exhibit 14? And  
4 Mr. Perry, what is this?

5 A This is a contract again with the Florida Department of  
6 Corrections, again for the provision of healthcare services.

7 Q The fourth party on our demonstrative chart is the  
8 Florida Department of Corrections. What is the basis for  
9 seeking to extend the stay to them?

10 A Identification relationship with the Department of  
11 Corrections.

12 Q Mr. Kaufman, please turn to Page 2 of 8. And Mr.  
13 Perry, do you see an indemnification provision?

14 A I do, Section I here, indemnification for contractors  
15 acting as an agent to the state.

16 Q Okay. Mr. Kaufman, please turn to Exhibit 17. Mr.  
17 Perry, are -- what is this document?

18 A (Indiscernible) Healthcare Services Agreement between  
19 the County of Genesee, Michigan and Corizon Health, Inc.

20 Q The sixth party on our demonstrative chart is Genesee  
21 County. What is the basis for seeking to extend the stay to  
22 them?

23 A An indemnification relationship with Genesee County and  
24 Corizon Health, Inc.

25 Q Mr. Kaufman, please turn to Page 11 of 23. Mr. Perry,

1 do you see an indemnification provisions here?

2 A I do, Section 9.3, hold harmless.

3 Q Mr. Kaufman, please turn to Exhibit 12. Mr. Perry,  
4 what is this document?

5 A This again is a contract with Alabama Department of  
6 Corrections and Corizon with respect to healthcare services.

7 Q The eighth party on our chart is Jefferson Dunn. What  
8 is the basis for seeking to extend the stay to him?

9 A (Indiscernible) Jefferson Dunn was an employee of the  
10 Alabama DOC and there's an indemnification relationship  
11 (indiscernible) this document related to employees.

12 Q Mr. Kaufman, please turn to Page 30 of 53. Mr. Perry,  
13 do you see an indemnification provision here?

14 A Yeah, (indiscernible) indemnification. I do.

15 Q Are any other parties covered by this same  
16 indemnification provision besides Mr. Dunn?

17 A There are two other parties on the demonstrative that  
18 would be -- that would relate to this same indemnification  
19 provision as an employee of the State of Alabama.

20 Q Is that Mary Cooks and Ruth Naglich?

21 A It is. Yes.

22 Q Please turn to Exhibit 20. And what is this document?

23 A So, (indiscernible) is this is the contract for the  
24 provision of healthcare services. That section there says  
25 contract title. (Indiscernible) healthcare services again

1 between Corizon and the State of Missouri.

2 Q The tenth person on our demonstrative chart is the  
3 Missouri Department of Corrections. So, what is the basis  
4 for seeking to extend the stay to them?

5 A Again, an indemnification relationship with the State  
6 of Missouri.

7 Q Please turn to Page 11 of 37. Mr. Perry, do you see an  
8 indemnification provision here?

9 A I do. Section (indiscernible) says contractor  
10 liability, contractor shall be responsible, et cetera, et  
11 cetera. That's the indemnification provision that I  
12 reviewed.

13 Q Please turn to Exhibit 15. And Mr. Perry, what is this  
14 document?

15 A (Indiscernible) contract with the Idaho Department of  
16 Correction with respect to the provision of healthcare  
17 services.

18 Q To the best of your knowledge, is this a true and  
19 correct copy of the document?

20 A It's a document that was provided to me as true and  
21 correct. That's correct.

22 MS. HEARD: Objection, Your Honor, nonresponsive.  
23 Provided to him?

24 THE COURT: Overruled.

25 BY MS. CARSON:

1 Q Please turn to Page 10 of 18. Mr. Perry, during the  
2 time that you have been employed as CRO, I believe you said  
3 you reviewed various business documents of the Debtor; is  
4 that right?

5 A That's correct.

6 Q On those documents, have you seen various signatures of  
7 people affiliated with the Debtor?

8 MR. PATTERSON: Objection, Your Honor. She's  
9 leading the witness and there's no foundation that he knows  
10 any of these people.

11 THE COURT: Sustained on the leading.

12 BY MS. CARSON:

13 Q Do any of the documents that you've reviewed during  
14 your time as CRO contain signatures?

15 A They do.

16 Q And what types of signatures have you seen on those  
17 documents? And let me clarify. Whose signatures have you  
18 seen on those documents, and I understand there are many  
19 documents, so I'm speaking generally.

20 MR. PATTERSON: Objection, Your Honor. It's lack  
21 of foundation. She's asking him to identify signatures.  
22 That's what we spent 15 minutes on. He doesn't have that  
23 personal knowledge. He can't testify.

24 THE COURT: How do we know as to this witness?

25 MR. PATTERSON: Well, because he --

1 THE COURT: Just let them ask the question and he  
2 can -- he can say whether he knows it or doesn't.

3 MS. CARSON: Perhaps I need to clarify my  
4 question.

5 BY MS. CARSON:

6 Q My question is while reviewing documents, Mr. Perry,  
7 have you seen -- what types of signatures have you seen?

8 MR. PATTERSON: Objection, Your Honor. It's just  
9 -- it's a vague question. What -- how many types of  
10 signatures are there? I mean, I don't know.

11 THE COURT: I know. This is what opens the door  
12 to the speaking objections now. I'm going to -- I'm going  
13 to shut that --

14 MR. PATTERSON: Well --

15 THE COURT: I'm shutting it all down. I just want  
16 -- I just want objections from now on, because I've got to  
17 cut it both ways. So, I only want objections. Objection  
18 vague, sustained.

19 BY MS. CARSON:

20 Q Mr. Perry, who signed this document, Exhibit 15?

21 MR. PATTERSON: Objection. Lack of foundation,  
22 Your Honor.

23 THE COURT: Overruled.

24 BY MS. CARSON:

25 A This document appears to be signed by Martin Moore. My

1 understanding is Martin Moore was the CFO at the time of the  
2 signature.

3 Q What is the basis for that understanding?

4 A Information provided to me by the Debtor's books and  
5 records -- my review of the Debtor's (indiscernible) anyway.

6 MS. CARSON: Your Honor, I'll move to admit  
7 Exhibit 15.

8 THE COURT: Any objection?

9 MS. HEARD: Objection, Your Honor.

10 THE COURT: What's the basis?

11 MS. HEARD: Your Honor, lack of foundation,  
12 hearsay. I can take him on voir dire if you wish. I'd like  
13 to do that.

14 THE COURT: Are you objecting or are you asking to  
15 take him on voir dire?

16 MS. HEARD: Well, I'm objecting at this point,  
17 Your Honor.

18 THE COURT: Okay.

19 MS. HEARD: And I can -- I can -- I'll go ahead  
20 and take him on voir dire.

21 THE COURT: All right. Let me -- let me hear the  
22 response to the objection first.

23 MS. CARSON: I hear two parts, lack of foundation  
24 and that the contract is hearsay. First, this contract is  
25 not hearsay. It's not being admitted for the truth of the

1 matter asserted. As the 5th Circuit actually stated in  
2 Leadership Software, which is 12 F.3d 527, and I quote,  
3 "Signed instruments such as contracts, wills, and promissory  
4 notes are writings that have independent legal significance  
5 and are non-hearsay."

6 Your Honor, this document is a verbal act. It has  
7 legal obligations by the mere fact that it was made  
8 regardless of the truth of any statements within here.

9 On the foundation point, Mr. Perry has indicated  
10 that he has reviewed the Debtor's books and records. He  
11 said that this appears to be an accurate copy of this  
12 document. He stated that he has seen signatures on  
13 documents while reviewing them.

14 I don't -- I don't hear any objection or real  
15 argument that there's any issue with authenticity of this  
16 document.

17 THE COURT: Ms. Heard?

18 MS. HEARD: Your Honor -- Your Honor, he's  
19 testifying as to the indemnification relationship. That is  
20 hearsay. We haven't seen this entire document. I would  
21 like for him to actually look through the entire document  
22 first.

23 THE COURT: I think that's fair to let him look at  
24 the entire document. It's 18 pages, right?

25 MS. HEARD: I'm sorry. I couldn't hear you, Your



1 Honor.

2 THE COURT: Hold on. I said I thought that was a  
3 fair request to have him look through the entire document.

4 MS. CARSON: Do you mind scrolling through, Mr.  
5 Kaufman?

6 MS. HEARD: Your Honor, in response to counsel's  
7 response, the issue is that this isn't a verbal act. It's a  
8 series of -- it's not a contract in and of itself. It's a  
9 series of pages that have different references. It's not an  
10 agreement in and of itself. If you look through it, there  
11 are various provisions that aren't tied to an actual  
12 contract. So, it's hearsay. Lack of foundation.

13 THE COURT: Counsel?

14 MS. CARSON: Your Honor, this exhibit is being  
15 admitted to show that the indemnification provisions exist,  
16 not the truthfulness of anything within this document.

17 THE COURT: What's the purpose of the purchase  
18 order? Can't you just admit the agreement? The pages?

19 MS. CARSON: That would be fine. It was my --  
20 well, it was my understanding that this was -- this entire  
21 thing constituted the contract. But if Counsel has an issue  
22 --

23 MS. HEARD: Your Honor --

24 MS. CARSON: -- admitting certain of these pages,  
25 I have no issue to remitting some of these.

1 MS. HEARD: Your Honor, she's testifying, and Your  
2 Honor, the whole thing should not come in.

3 THE COURT: You -- well, I think she's answering  
4 your question. You mentioned that you thought that there  
5 were a series of things that were unrelated, and I think  
6 she's saying that it's her understanding that this is the  
7 entire document. So, I don't think she's testifying. I  
8 think she's responding to your objection that's where you've  
9 been saying (indiscernible) that the document was somehow a  
10 series of different documents put together.

11 MS. HEARD: And Your Honor, I'm saying it isn't.  
12 So, it's not a --

13 THE COURT: It isn't what? I'm sorry. I'm not --  
14 I'm not following.

15 MS. HEARD: Your Honor, this -- okay, this isn't  
16 the contract. There is a purchase order, then there is a  
17 letter at the end that says that Corizon has to respond.  
18 This isn't the contract.

19 THE COURT: Right, but I think that's -- that was  
20 the -- and she's saying that it was her understanding that  
21 it was -- that the entire document was the contract. And I  
22 -- that's why I was asking whether just limiting this to the  
23 -- no, no, I understand the point now. I just -- that was  
24 the point that I wanted to clarify with Ms. Carson just to  
25 make sure that we're all on the same page. I think Ms.

1       Heard is saying that the entire document in there --

2               MS. HEARD: I understand that, but she's not --

3               THE COURT: -- and every part of it isn't, but as  
4       compiled, that's not the agreement if I understand Ms. Heard  
5       correctly.

6               MS. HEARD: Your Honor, what I'm saying is that it  
7       isn't her job to tell us it's her understanding it's the  
8       whole contract, it's his, and this is not a contract. It's  
9       a purchase order with a letter telling us to write back --

10              THE COURT: Well, that --

11              MS. HEARD: -- (indiscernible) --

12              THE COURT: -- see, this is when everybody starts  
13       to testify and this is the problem, right? Then people have  
14       to then respond to that. And so, why don't we just --  
15       Counsel, what's your -- what are you -- what are you seeking  
16       to do?

17              MS. CARSON: Your Honor, as far as whether this is  
18       a contract, this --

19              THE COURT: No, no, I just want to know what  
20       you're seeking to do. Are you seeking to move the entire  
21       document in or a portion? How many pages is this?

22              MS. CARSON: It is only 18 pages.

23              THE COURT: What are you seeking to do?

24              MS. CARSON: Mr. Kaufman, would you mind scrolling  
25       down, please? To the next page. Actually, I have my paper

1 here. There are terms and conditions which begin just a  
2 couple of pages down from where you are, Mr. Kaufman.

3 THE COURT: I just want to know what -- are you  
4 seeking to move all 18 pages, a portion of them? I just  
5 need to -- that's the question that I've got just so I  
6 understand what's on the table.

7 MS. CARSON: My original ask was to move the  
8 entire exhibit into evidence. However, I don't believe all  
9 of them need to be admitted into evidence. I would request  
10 that Pages 11 through 18 --

11 MS. HEARD: Your Honor, I object. Eleven through  
12 18, there's no signature. This is just their standard  
13 terms. You know, I mean, if that's actually what this is,  
14 the witness needs to be telling us is this the contract, is  
15 this the only contract, is this the last contract, is this  
16 the whole document?

17 THE COURT: I think you're testifying. Counsel,  
18 you're testifying again. I just -- you're just objecting.  
19 What's the basis of the objection? It's not authentication?  
20 Relevance? What's the --

21 MS. HEARD: Your Honor, I -- yes.

22 THE COURT: Where are you going?

23 MS. HEARD: Well, it's hearsay, lack of foundation

24 --

25 THE COURT: Okay.

1 MS. HEARD: -- (indiscernible) and relevance.

2 Thank you, Your Honor.

3 THE COURT: Ms. Carson, is this contract signed?

4 MS. CARSON: Your Honor, it is. Mr. Perry

5 testified that it is signed on Page 10 of 18.

6 THE COURT: Can you go up to 10 of 18?

7 MS. CARSON: And --

8 THE COURT: Go ahead.

9 MS. CARSON: Mr. Perry -- well, I was going to ask  
10 him to read from this.

11 THE COURT: No, no, no, no. I'm just -- I want  
12 you to respond. So, she's saying hearsay.

13 MS. CARSON: Right, well this --

14 THE COURT: Authentication.

15 MS. CARSON: -- this page confirms the agreement.  
16 It says it on the page. Mr. Perry testified that this is  
17 signed as you can see on the screen.

18 MS. HEARD: Your Honor --

19 THE COURT: She's got to be able to finish, Ms.  
20 Heard. I want -- I want her to finish and then you can --  
21 then you can speak.

22 MS. HEARD: She can't testify. Thank you.

23 THE COURT: I think you -- I think y'all are both  
24 testifying. I think that's fair, so I'm not paying  
25 attention to that testimony. I'm just listening to the

1 legal argument. You said it wasn't signed. She's pointing  
2 to a page saying it's signed. That -- she's got to be able  
3 to respond to that.

4 MS. CARSON: This appears --

5 MS. HEARD: Your Honor, she's asking for 8 -- for  
6 11 through 18 to come in, and that is not signed.

7 THE COURT: That's a different argument. What I'm  
8 saying is that's a different argument than the one that you  
9 just made.

10 MS. CARSON: I would request that the entire  
11 document be admitted, Your Honor. The first page says this  
12 contract.

13 THE COURT: I don't need you to read anything.  
14 Just --

15 MS. CARSON: This appears to be a contract offer  
16 and acceptance. It is signed by the Debtor.

17 THE COURT: You're just asking for the admission  
18 of 59-15?

19 MS. CARSON: Of Exhibit 15.

20 THE COURT: Exhibit 15.

21 MS. CARSON: Yes.

22 THE COURT: What's your final -- okay. Mr.  
23 Kaufman --

24 MS. HEARD: And Your Honor, again --

25 THE COURT: I'm listening.

1 MS. HEARD: Sorry. Your Honor, again, I'm  
2 objecting, lack of foundation and hearsay, and this -- it's  
3 not a contract. He hasn't -- it's -- we don't know if it's  
4 the whole contract.

5 THE COURT: Well, then I'm going to overrule your  
6 objection, because I think whether it's a contract or not is  
7 irrelevant as to whether it's an admissible document and  
8 whether, you know, you can -- we can always supplement the  
9 record if the document is incomplete. The Rules of Evidence  
10 can provide that I be provided a complete document. But I  
11 do think he's -- I do think your objection as to the  
12 foundation and the authentication, I think he properly  
13 authenticated what the document was, and he said it was  
14 signed.

15 So, Ms. Carson, you can move on, but I'm just  
16 admitting it for purposes of today.

17 MS. HEARD: And --

18 THE COURT: Overruled, Ms. Heard. You can  
19 proceed.

20 MS. HEARD: -- Your Honor, I also had raised  
21 relevance, and this --

22 THE COURT: All right.

23 MS. HEARD: -- this contract terminated  
24 (indiscernible) 31, 2018.

25 THE COURT: I'll overrule it. I am -- thank you.

1 Go ahead, Ms. Carson.

2 MS. CARSON: Thank you, Your Honor.

3 BY MS. CARSON:

4 Q Mr. Perry, the seventh party on our demonstrative chart  
5 is the Idaho Department of Corrections. What is the basis  
6 for seeking to extend the stay to them?

7 A (Indiscernible) relationship between the parties.

8 Q I'm sorry. You cut out. Would you mind restating  
9 that?

10 THE COURT: Hold on a second. Folks, let me just  
11 -- folks, if everyone can mute your line unless you are the  
12 witness, I would really appreciate it. There's some beeping  
13 in the back and I'm trying to avoid -- just a second.

14 Mr. Perry, I'm going to mute the entire line. I'm  
15 going to ask you to hit five star. Ms. Heard, I'm going to  
16 ask you to hit five star.

17 AUTOMATED VOICE: Conference muted. Conference  
18 unmuted.

19 THE COURT: Mr. Perry, is that you? Ms. Heard,  
20 have I unlocked -- have I unmuted you? All right. Ms.  
21 Heard, can you hit five star? Mr. Perry, can you hear me?

22 THE WITNESS: I can. Yes, Your Honor.

23 THE COURT: Okay, great. Thank you.

24 THE WITNESS: Can you hear me, Your Honor?

25 THE COURT: Just fine. Ms. Heard, was that you



1       that I just unmuted?

2               MS. HEARD: Your Honor, can you hear me?

3               THE COURT: Just fine. Thank you very much.

4       Okay, we'll just proceed this way. Thank you.

5       BY MS. CARSON:

6       Q       I'm going to re-ask my question since we didn't get  
7       your reply, Mr. Perry. What is the basis for seeking to  
8       extend the stay to the Idaho Department of Corrections?

9       A       The indemnification relationship between the parties.

10              MS. HEARD: Objection, Your Honor.

11              THE COURT: What's the basis?

12              MS. HEARD: Again, this is hearsay, and the  
13       document, it terminated in 2018. It's not relevant.

14              THE COURT: I thought we were talking about a  
15       different document. Are we still talking about the same  
16       document?

17              MS. CARSON: We're talking about the same  
18       document, yes.

19              THE COURT: Why don't you just move on, Ms.  
20       Carson?

21              MS. CARSON: Mr. --

22              THE COURT: I'm going to sustain the objection.  
23       Why don't you move on to something else?

24              MS. HEARD: And Your Honor, can --

25              THE COURT: I sustained the objection.

1 MS. HEARD: I move to strike (indiscernible).

2 Thank you.

3 BY MS. CARSON:

4 Q All right. Let's look back at the demonstrative chart  
5 and let's move to the very last section, the indemnified D&O  
6 section, and let's just go through each of those, Mr. Perry.  
7 The first is Abraham Goldberger. Who is Mr. Goldberger?

8 A A former director/officer of the Debtor.

9 Q And what is the basis for extending the stay to him?

10 A The indemnification provided through the bylaws.

11 Q Please turn to Exhibit 8. And are you familiar with  
12 this document?

13 A Judging by the top half of this page, I have, yes, I've  
14 seen this document. I'm familiar with it.

15 Q What is it?

16 A These are the bylaws of Corizon Health (indiscernible)  
17 through the State of Texas.

18 Q Please turn to Page 6 of 8. And Mr. Perry, do you see  
19 an indemnification provision here?

20 A (Indiscernible) Section 6.01, (indiscernible) of  
21 existing and former directors and officers.

22 Q Was it your testimony that Mr. Goldberger would be  
23 covered by this indemnification?

24 A Yes, that's my understanding.

25 Q Would any other people in this indemnified D&O section

1 of our demonstrative be covered by the same indemnification  
2 provision?

3 A They would. The demonstrative has, if I recall,  
4 roughly five individuals that would be covered by -- it's my  
5 understanding by that provision.

6 Q Mr. Kaufman, can you pull up the demonstrative again?  
7 If you can read those names, Mr. Perry, can you tell us who  
8 else in this section would be covered by the bylaws you  
9 mentioned?

10 A (Indiscernible) Mr. Goldberger, Mr. (indiscernible),  
11 Mr. Lefkowitz, and Ms. Tirschwell would be covered, and Mr.  
12 Scott King. One, two, three, four, five.

13 Q Is that because all of these parties are current or  
14 former D&Os of the Debtor?

15 A That's my understanding. Yes. Mm-hmm.

16 Q Are there any other bases for covering the D&Os that  
17 you mentioned besides these bylaws for any of the D&Os that  
18 you mentioned?

19 A (Indiscernible) in addition to the bylaws, the plan of  
20 divisional merger that we walked through a bit earlier also  
21 provides an indemnification from (indiscernible) to  
22 directors and officers. So, in the bylaws, as well as the  
23 plan of divisional merger.

24 Q Who specifically would be covered under those  
25 indemnification provisions from the plan of divisional

1 merger? Would it be all of these or just some of these?

2 MR. PATTERSON: Objection, Your Honor. Calls for  
3 a legal conclusion.

4 THE COURT: Sustained.

5 BY MS. CARSON:

6 Q You did not mention Dr. Schmidt or Mr. Yarnell. Why  
7 are they on this list?

8 A Well, they're in the category for D's and O's, but  
9 they're not in fact D's and O's. They're different. It's  
10 just the labeling. The reason they're on this list is that  
11 I understand there is an indemnification relationship  
12 through other types of contracts that Dr. Schmidt and Mr.  
13 Yarnell would have been subject to or operating under  
14 anyway.

15 Q Okay. Let's go through both of them individually.  
16 What is the basis specifically for the potential  
17 indemnification of Dr. Schmidt?

18 MR. PATTERSON: I'm going to --

19 THE COURT: Hold on a second.

20 MR. PATTERSON: This calls for a legal conclusion  
21 for the basis.

22 THE COURT: What's the question again?

23 MS. CARSON: The question is, what is the basis  
24 for the Debtor's proposed indemnification or the basis for  
25 potential indemnification of Dr. Schmidt. I believe that's

1     how it was worded.

2                 THE COURT: I'm going to allow it. Just -- not as  
3     a legal conclusion but based on his understanding, if he has  
4     any, I should say.

5                 THE WITNESS: I understand your -- I'm sorry, Your  
6     Honor. Am I to answer?

7                 THE COURT: You're to answer to the extent you  
8     have -- based on -- based on your -- based on your  
9     understanding, to the extent there is any, if you have one.

10    BY MS. CARSON:

11    A     So, I understand there to be an identification  
12    relationship through an agreement that would provide  
13    indemnification for Dr. Schmidt.

14    Q     Mr. Kaufman, can you please turn to Exhibit 18? And  
15    what is this, Mr. Perry?

16    A     It's an agreement with -- between Dr. Schmidt and  
17    Corizon Health, Inc., and another entity for the provision  
18    of healthcare services.

19    Q     And Mr. Kaufman, if you could scroll down to Page 2,  
20    please? Mr. Perry, do you see an indemnification provision  
21    in this document?

22    A     I do, Section 4, indemnification. This paragraph here.

23    Q     All right. Next, you mentioned we're going through  
24    these two -- last two individually. What is the basis for  
25    the indemnification of Mr. Yarnell?

1 A My understanding is there is an indemnification  
2 relationship between Mr. Yarnell with Mr. (indiscernible)  
3 according to the contract I reviewed.

4 Q Mr. Kaufman, please turn to Exhibit 16. And what is  
5 this document, Mr. Perry?

6 A This is a document between again Corizon Inc. and  
7 Correctional Healthcare for the provision of healthcare  
8 services.

9 Q Mr. Kaufman, please turn to Page 16 and scroll through  
10 Pages 16 and 17, if you would, so we can see them. Mr.  
11 Perry, what is this, Pages 16 and 17?

12 A This appears to be an indemnity agreement with respect  
13 to the provision of services (indiscernible) association we  
14 just discussed, Correction Healthcare Associates  
15 (indiscernible).

16 Q Do you believe this could potentially include Mr.  
17 Yarnell?

18 A That's my understanding. Yes.

19 Q So, Mr. Perry, according to your testimony today, the  
20 parties that we went through are covered by indemnities. In  
21 your opinion, why does that matter to the Debtor?

22 A Well, to the extent they are covered by the  
23 indemnities, you know, the Debtor has a duty to effectively  
24 both pursue various causes of action and other potential  
25 recoveries to the Debtor's estate that would allow for the

1 maximization of recovery, and in addition, you know, we --  
2 effectively the Debtor is seeking for the ability to  
3 effectively press pause (indiscernible) within these various  
4 cases that could give rise to a substantial claim against  
5 the Debtor (indiscernible) uncapped liability. That's the  
6 rationale for the stay, at least at this time.

7 Q You're a restructuring professional. What are some of  
8 the main goals of Chapter 11 generally?

9 A Well, you know, with the main goal, just the  
10 overarching goal is to maximize the value of the estate for  
11 the benefit of the creditors according to the Asset Priority  
12 Rule. I mean, that's ultimately what we're trying to  
13 accomplish, whether that be, you know, a liquidating plan or  
14 some other form. The goal is to determine what is the, you  
15 know, value or the value maximizing ability of the various  
16 assets the Debtors may have at its disposal and how those  
17 would effectively create value for the various creditors.  
18 The goal of Chapter 11, that's what we're trying to  
19 accomplish here.

20 Q In your opinion, does the extension of the stay  
21 requested in our motion comport with those goals?

22 A It does.

23 MS. CARSON: Your Honor, I'll pass the witness.

24 THE COURT: Okay. Let me start with any cross-  
25 examination from anyone in the courtroom. Mr. Patterson, do

1     you have any cross-examination for this witness?

2             MR. PATTERSON:  Actually, just a few -- a few  
3     things, Your Honor?  Yes.  I'm sorry, yes.

4             THE COURT:  Okay.  Mr. Perry, can you -- I just  
5     want to make sure that you can hear Mr. Patterson okay, and  
6     if you can't, just let us know.  We're tweaking the mics in  
7     this courtroom, and I'm -- it's not Mr. Patterson.  It's  
8     just, you know, making sure that the new tech that got put  
9     in actually is working the way everybody thinks it is.

10            CROSS-EXAMINATION OF RUSSELL PERRY

11     BY MR. PATTERSON:

12     Q     Mr. Perry, is it correct that you haven't provided  
13     anything to the Court in writing that provides any indemnity  
14     agreement related to the Rikers Island litigation?

15     A     It doesn't ring a bell.  I don't believe so based on my  
16     recollection.

17     Q     Well, there's no written evidence regarding any  
18     indemnity of the Debtor to the City of New York, correct?

19            MAN:  Your Honor, object (indiscernible).

20            THE COURT:  I'll --

21            MR. PATTERSON:  Just asking him if he knows.

22            THE COURT:  Yeah.  I'll --  you can answer if you  
23     know.

24     BY MR. PATTERSON:

25     A     I guess (indiscernible) identification provision within



1 the City of New York document, but that's the extent that I  
2 know.

3 Q All right. And you haven't provided the Court any  
4 written documents evidencing the Debtor's supposed indemnity  
5 obligation to Sidney Wilson, have you?

6 A Well, the demonstrative that we were just reviewing,  
7 Sidney Wilson was at the bottom of the page.

8 Q Right.

9 A My understanding is -- yeah.

10 Q Other than the demonstrative --

11 A Is that your question?

12 Q Other than the demonstrative, I understand the name  
13 appears on the demonstrative, I'm asking you if you've  
14 provided the Court any other writing that supports that  
15 allegation.

16 A There's an agreement that I don't believe was admitted  
17 into evidence, but we went through so much today. I don't  
18 recall.

19 Q Okay, I'm asking -- I'm asking about anything admitted  
20 into evidence.

21 A I don't believe so. It's been a long testimony, but I  
22 don't believe we covered that.

23 Q All right. Are you familiar, Mr. Perry, with the  
24 litigation in New York State styled K.A., the initials K.A.  
25 v. the City of New York, Corizon Health, Inc., and Sidney

1 Wilson? Are you familiar with that litigation?

2 A That litigation has come up in reviews of the various  
3 records. If you recall, I testified there's several hundred  
4 claims. So, I've certainly reviewed many of them. This  
5 particular claim would have been one that it would have been  
6 discussed (indiscernible) but there's been hundreds, so I'll  
7 do my best.

8 Q Well, my question though is are you familiar with it?  
9 That's just yes or no.

10 A Okay. So, let me just make sure I understand your  
11 question again. Am I familiar with the case? And  
12 (indiscernible) the definition (indiscernible). I'm sorry  
13 (indiscernible).

14 Q All right. Let me break it down. Are you familiar  
15 with the allegations made in the litigation? I'm going to  
16 refer to it as the New York litigation if that's okay with  
17 you.

18 A So, in discussions with the Debtors and discussions --  
19 the Debtor's representatives and discussions with Counsel,  
20 there have been discussions of numerous claims, all sorts of  
21 various claims. Some are -- we talked about today, some we  
22 haven't. This claim that you're referencing, I -- sorry, I  
23 forgot how you defined it, it has come up in discussion  
24 along with, you know, many, many others, for sure.

25 Q Okay. My question --

1 A I don't know if that (indiscernible) familiarity. I'm  
2 sorry. But I'm familiar in that the name has been mentioned  
3 and we've discussed it along with, you know, many, many,  
4 many other cases.

5 Q Okay. So, is it fair to say you're not familiar with  
6 the litigation? Well, it's one or the other. It's one or  
7 the other, Mr. Perry. You -- you're either here to testify  
8 that you're familiar with this litigation or you're not.  
9 So, take a stand.

10 THE COURT: Yeah, I'm going to -- I'm going to  
11 sustain the objection. I think we can -- he can answer the  
12 question, but I think we can all tone the temperature down a  
13 little bit, here.

14 BY MR. PATTERSON:

15 Q All right. Are you familiar with this New York  
16 litigation or are you not, Mr. Perry?

17 MAN: Objection.

18 THE COURT: No, he can answer. I'll overrule.

19 BY MR. PATTERSON:

20 A I am generally familiar with this litigation, yes.

21 Q Generally. Do you know who the defendants are?

22 A I think you just named one of the defendants. I don't  
23 have the case memorized with respect to all of the  
24 defendants, if there are more than one, but you did just  
25 named Sidney Wilson, and my understanding is at least the

1 minimum that's one defendant as I understand it.

2 Q All right. Can you name any more?

3 A I don't have the other defendants memorized. I  
4 apologize.

5 Q And -- well, it doesn't matter if they're memorized.  
6 Can you name any?

7 A The answer is no. I --

8 Q Okay.

9 A The answer is no.

10 Q Can you name the plaintiffs?

11 A You just mentioned the City is in New York. My  
12 understanding is this was a New York related case, so the  
13 plaintiff here, I would suggest, would have been receiving  
14 healthcare-related services through the City of New York.  
15 That's the extent of the familiarity, because again, I've  
16 had (indiscernible) I've had some time and (indiscernible).

17 Q I'm not faulting you, Mr. Perry, but -- we understand  
18 it's only been two weeks, but based on the relief you  
19 requested, that's why I'm asking these questions. Can you  
20 provide the Court with an allegation that's made in the New  
21 York litigation?

22 A From my understanding, it's a personal injury-related  
23 matter is my understanding.

24 Q Okay. And specifically, can you provide the Court with  
25 a single allegation that's made in that litigation?

1 A (Indiscernible) a little earlier, I heard some  
2 allegations, so I have become more familiar with them, but  
3 my understanding is there were allegations of personal  
4 injury or malpractice, assault, those sorts of things. I  
5 would have to familiarize myself with (indiscernible)  
6 familiarize myself with many others, but that's my  
7 understanding.

8 Q Understood. Now, you've asked this Court and you've  
9 based -- you've asked for very specific release -- relief,  
10 correct?

11 A I've asked for interim relief related to the  
12 application of automatic stays to various defendants, that's  
13 correct.

14 Q Right. You've asked the Court to enjoin my clients  
15 from prosecuting their litigation in New York, correct?

16 A I've ask -- I don't understand the question. You'll  
17 have to ask it again. My relief is for the Debtor, and to  
18 the extent that the Debtor has an indemnity claim that would  
19 be brought against it or would otherwise be liquidated, I'm  
20 asking for a stay in that regard.

21 Q All right. And if there's not such an indemnity, then  
22 you're not asking the Court to stay, correct?

23 A I'm asking the Court to stay under the basis that there  
24 may be the indemnity that we've already referenced. That's  
25 the basis that I'm asking for the relief.

1 Q That there may be an indemnity or that you've provided  
2 the Court with proof of an indemnity?

3 A Well, the indemnity that I would have read on the  
4 screen would have been the indemnity that as I stand today  
5 and as I'm intensifying would be the basis of the relief.  
6 But again, that's why we're asking on an interim basis and I  
7 believe that was -- we discussed that earlier.

8 Q Okay. Okay. Are you asking the Court to enjoin any  
9 litigation for which you haven't provided the Court with  
10 proof of an -- of at least an alleged indemnity?

11 THE COURT: I think the question has just been  
12 asked and answered, Mr. Patterson.

13 MR. PATTERSON: All right. And if I -- I guess I  
14 didn't hear the answer then. I don't know what the answer  
15 is.

16 THE COURT: Why don't you ask it one more time and  
17 we'll get there.

18 MR. PATTERSON: All right.

19 BY MR. PATTERSON:

20 Q So, as representative of the Debtor, you're not asking  
21 the Court to enjoin litigation for any cases in which you  
22 haven't provided at least some form of an indemnity or an  
23 alleged indemnity; isn't that correct?

24 A That's a lot to unpack. We walked through over the  
25 last however long the various indemnity provision that I

1 have reviewed and that is the basis of seeking interim  
2 relief through this Court. If there was the existence of an  
3 indemnification provision which I testified on and was  
4 entered into evidence, then that's the basis of where I'm  
5 asking for relief.

6 Q All right.

7 A So, I know you're asking the question opposite, and I -  
8 - that's the basis of the relief I'm asking for on an  
9 interim basis. You know, so to the extent that it wasn't  
10 part of my testimony or to the extent that the  
11 indemnification wasn't covered by me or presented by me,  
12 then I certainly aren't -- I'm not asking for relief for an  
13 indemnification that we didn't review today.

14 Q All right. I just have a couple more questions for  
15 you, and I know you're not familiar at all with the  
16 allegations in the New York litigation, but if I told you  
17 that the allegations involved Mr. -- if I told you that the  
18 allegations involved Mr. Sidney Wilson systematically and  
19 repeatedly raping women that were in prison who could not  
20 leave as part of his medical -- supposed medical treatment  
21 of these women, do you think that kind of claim should not  
22 be heard?

23 MR. PATTERSON: He's here asking for the relief,  
24 Judge. I'm asking if that's what the relief he wants. He's  
25 the only guy that can say yes or no.

1 THE COURT: I'm going to sustain the objection.

2 You can ask another question.

3 MR. PATTERSON: I'm sorry, Your Honor. So, I  
4 can't ask him if he wants to stay --

5 THE COURT: No, no, because it's not relevant to  
6 the relief requested whether he thinks something should  
7 proceed or not. That's not what -- that's not -- that's  
8 what you asked and that's not what we're here today.

9 MR. PATTERSON: That's right.

10 THE COURT: They're asking -- they're asking for  
11 an interim stay. You can ask questions about the interim  
12 stay, Mr. Patterson.

13 MR. PATTERSON: Your Honor, if I could, they're  
14 asking for an injunction, and the standards in the 5th  
15 Circuit, one of the standards for an injunction is public  
16 interest, all right? And I think that whether this serves  
17 the public interest, he's entitled to give the Court his  
18 opinion. And I'm asking what his opinion is.

19 THE COURT: I understand. I overruled your  
20 objection. You can ask another question, Mr. Patterson.

21 MR. PATTERSON: All right.

22 BY MR. PATTERSON:

23 Q Then does my question refresh your recollection as to  
24 the allegations in the New York litigation, Mr. Perry?

25 THE COURT: He can answer the question, Mr. -- he



1 can answer the question. I'm going to overrule it.

2 BY MR. PATTERSON:

3 A When you made your appearance, you actually stated the  
4 allegations, which now that you've stated them again with,  
5 you know, more definition, I'm now familiar more with the  
6 case, because you just brought up the various allegations of  
7 the case. So, I have more familiarity now than I did when I  
8 walked into the courtroom, I supposed.

9 Q Okay. And my question was whether my statements  
10 refresh your recollection, not whether you now know what  
11 I've said. I don't care if you -- if you can believe me or  
12 not believe me. I'm asking if it refreshes your -- any  
13 prior knowledge or recollection you may have had from  
14 looking at documents.

15 A If it refreshes? The detail you provided of the case,  
16 you know, I answered you earlier that I understood these to  
17 be assault, personal injury, and malpractice, those types of  
18 things, and the way that you've defined it certainly, you  
19 know, provides additional detail. I don't know if that  
20 refreshes my recollection. I'm not sure how to answer that  
21 question. I apologize.

22 Q All right. Would you disagree that I accurately  
23 relayed at least some of the allegations in the New York  
24 litigation?

25 A I suppose I would not disagree that the way that you

1 described the allegations of who you're representing were  
2 true and accurate. They would have been spelled out in the  
3 claim as part of the interim relief that I've asked. That's  
4 part of the reason why we're asking for the interim relief  
5 is to (indiscernible) all these things.

6 Q All right.

7 A Including the basis of these (indiscernible).

8 Q You would agree, would you not, that the allegations  
9 made by the four women in New York alleged Mr. Wilson, as a  
10 past employee of the predecessor of the Debtor,  
11 systematically raped them while they were incarcerated?  
12 Would you agree or disagree with that?

13 MR. PATTERSON: I know. He hasn't answered yet.

14 I have no testimony. I'm asking him --

15 THE COURT: He can answer.

16 MR. PATTERSON: -- if he agrees or disagrees with  
17 that.

18 THE COURT: He can answer the question whether he  
19 knows that's an allegation.

20 BY MR. PATTERSON:

21 A I have reviewed hundreds of cases. I haven't memorized  
22 every allegation of every case.

23 Q It's --

24 THE COURT: Okay, Mr. Perry, I'm going to ask you  
25 -- Mr. Perry, I'm going to ask you, do you know whether it's

1 an allegation or not; yes or no?

2 BY MR. PATTERSON:

3 A My understanding is it's an allegation, correct. I  
4 mean, I've already testified to that I thought.

5 THE COURT: All right. That's what we're just --  
6 that's the basis of the question. That's it. So, I just  
7 wanted to make sure we can cover that ground and move.

8 BY MR. PATTERSON?

9 Q Thank you. So, you understand that that allegation has  
10 been made against Mr. Wilson in the New York litigation,  
11 just to be clear, not that it's true, that the allegation is  
12 made?

13 A Correct. My understanding is there have been  
14 allegations made to my -- which is what I (indiscernible) a  
15 second ago. yes, that is correct (indiscernible).

16 Q Among other allegations, correct? That's just one  
17 specific one.

18 A Again, the basis of the interim relief is to get a  
19 deeper understanding of all of these (indiscernible). I  
20 don't have every single allegation that was the basis of the  
21 claim.

22 Q Okay.

23 A A deep understanding. (Indiscernible) do I have a  
24 general familiarity, and I answered that I have a general  
25 familiarity.

1 Q All right. Okay. Let's go --

2 A (Indiscernible) --

3 THE COURT: Mr. Perry, I just want you to answer  
4 the questions that are asked. Okay?

5 MR. PATTERSON:

6 Q Okay. You clearly want to tell the Court that this is  
7 just interim relief you're asking, so let's go there.  
8 Specifically, you would like this Court, this bankruptcy  
9 court, to enjoin the prosecution. You would -- you want to  
10 enjoy these women from continuing their litigation against  
11 Mr. Wilson on their allegations of systematic rape while in  
12 prison, right? That's what you want the Debtor and this  
13 Court to do?

14 A What we've sought relief for is the extension of the  
15 automatic stay.

16 Q Yes or no?

17 A (Indiscernible) the automatic --

18 Q Yes or no?

19 A -- (indiscernible) answer --

20 Q Yes or no? It's an easy question.

21 A Right, and I -- I'm sorry, you talked over my answer.  
22 I did say yes, if in fact the automatic stay would prevent  
23 the pursuit of the indemnification claims against the  
24 Debtor.

25 Q Okay.

1 A Then the answer would be yes.

2 Q Okay. If the automatic stay, but are you asking the  
3 Court to take one more step and enjoin the further  
4 prosecution of Mr. Wilson for these alleged rapes? Is that  
5 what you want to happen today?

6 A I'm seeking for an extension of the automatic stay  
7 against this defendant, and the automatic stay would in fact  
8 (indiscernible) the pursuit of this claim.

9 MR. PATTERSON: Right. Your Honor, again, we  
10 don't waive our rights. We think that this is an improper  
11 motion, was required to be brought under 7001. Procedurally  
12 as to us, we're not waiving them and we ask the Court to  
13 deny it based upon that alone, but I have no further  
14 questions for Mr. Perry.

15 THE COURT: Thank you very much. Ms. Heard, do  
16 you have any questions or does anyone have any questions for  
17 this witness?

18 MS. HEARD: Your Honor, Ms. Rifkin is going to be  
19 doing cross-examination.

20 THE COURT: Oh, sorry. I apologize. I just --  
21 Ms. Rifkin, can I have you hit five star or are you already  
22 unmuted? I can't hear you. Hold on a second. I've got to  
23 get to you. Can you --

24 MS. RIFKIN: Am I on now?

25 THE COURT: Yes. Yes, you are. Thank you very

1 much, Ms. Rifkin. You may proceed.

2 MS. RIFKIN: Thank you, Your Honor. Please let me  
3 know if there's an echo, because I'm (indiscernible) the  
4 phone and the computer.

5 CROSS-EXAMINATION OF RUSSELL PERRY

6 BY MS. RIFKIN:

7 Q Mr. Perry, you testified that you've reviewed all of  
8 the complaints relevant to the Debtor, relative to the  
9 request (indiscernible) indemnify clients on the  
10 demonstrative, correct?

11 A My testimony was that I had -- I think the words used,  
12 generally reviewed. I certainly have reviewed a significant  
13 amount of claims, and for these particular claims, I did  
14 have the opportunity to review them generally. I wouldn't  
15 say that I --

16 Q You're familiar with my -- you're familiar with my  
17 client, Ms. Adree Edmo's case against the Idaho Department  
18 of Corrections and Corizon?

19 A I'm generally familiar with that case, yes, through my  
20 review of the -- of the claim.

21 Q You reviewed Ms. Edmo's specific complaint in this  
22 federal case?

23 A As part of my review of the claims, I did, you know,  
24 generally review the document, yes.

25 Q You submitted a declaration in this case in which you

1     stated that there have been no distinct direct claims  
2     asserted against the non-Debtor affiliate in any of the  
3     lawsuits. Is IDOC, the Idaho Department of Corrections, a  
4     non-Debtor affiliate to which you're referring?

5             MS. RIFKIN: It's impeachment evidence, Your  
6     Honor.

7             THE COURT: I'll allow it. But it's not in front  
8     of him, so he can't -- yeah.

9             MS. RIFKIN: I read the sentence that I'm  
10    referring to. I can read it again.

11            THE COURT: Why don't you?

12    BY MS. RIFKIN:

13    Q     Okay. You were -- in your declaration, there has been  
14    no distinct, direct claims asserted against the non-Debtor  
15    affiliates in any of the lawsuits. Is Idaho Department of  
16    Corrections among the non-Debtor affiliates that you're  
17    referring to?

18    A     The non-Debtor affiliates are (indiscernible) CHS Texas  
19    (indiscernible) a defined term.

20    Q     Okay. So, the Idaho Department of Corrections is a  
21    non-better non-affiliate?

22    A     It's in the category of what we refer to as indemnified  
23    clients on the demonstrative that we discussed earlier, not  
24    an affiliate.

25    Q     And you're aware that Ms. Edmo filed distinct, direct

1 claims against the Idaho Department of Corrections on which  
2 a federal judge already found liability against the Idaho  
3 Department of Corrections?

4 A Understanding, yes, I believe that's correct. Mm-hmm.

5 Q And you're aware that a federal judge already issued a  
6 final judgment in Ms. Edmo's for 2.6 approximately million  
7 dollars in attorney's fees and costs that is jointly and  
8 severally liable against Idaho Department of Corrections and  
9 Corizon?

10 A That's my understanding when I reviewed both the  
11 objection and the basis of the claim. That's my  
12 understanding. Mm-hmm.

13 Q And is it -- so, this claim already has a certain  
14 value, a value certain, correct?

15 A Based on what I reviewed, that would be correct. So,  
16 it would be referred to as a liquidated claim.

17 Q Okay. And you are contending that under an  
18 indemnification agreement, some indemnification agreement  
19 somewhere, that Corizon will owe Idaho Department of  
20 Corrections for the entirety of Ms. Edmo's claims; is that  
21 correct?

22 A Based on the existence of the indemnification  
23 provisions that we -- that I testified to earlier within  
24 that document, that would be my understanding as I sit here  
25 today.



1 Q And because Ms. Edmo's claim is already liquidated,  
2 Corizon or its successor entity will owe the exact same  
3 amount either to Ms. Edmo or to the Idaho Department of  
4 Corrections in this case either way, right?

5 A To the extent that it's a liquidated claim, as we just  
6 discussed, then that would be -- I'm sorry. I think you  
7 asked me if we -- if the Debtor would owe that. To the  
8 extent that it's a liquidated claim, then it would be a  
9 liquidated claim in the bankruptcy court (indiscernible)  
10 that context. I'm sorry. (Indiscernible).

11 Q Let me clarify. So, we already discussed -- you  
12 already acknowledged this claim is in fact a liquidated  
13 claim, correct?

14 A Based on my review of the document, I would -- as I sit  
15 here today, I would -- I would certainly suggest that's a  
16 liquidity claim. If I was preparing the Debtor's schedule,  
17 that's what I would do. Yeah. Mm-hmm.

18 Q And so, the claim amount of that liquidated claim will  
19 remain the same regardless of whether it is Ms. Edmo  
20 considered to be the creditor or Idaho Department of  
21 Corrections considered to be the creditor as with respect to  
22 this specific case, Ms. Edmo's case, isn't that correct?

23 A That the value would remain the same? To the extent  
24 that there's interest or anything else that would accrue,  
25 that would be a different opinion, but to the value that was

1 liquidated per the judgment that you just asked me about, my  
2 understanding is yes, that would be the value and it would  
3 not change. I think that's what you're asking.

4 Q Yes. So, it does not change regardless of whether it  
5 is Ms. Edmo who is considered the creditor or the Idaho  
6 Department of Correction, correct?

7 A Based on my understanding, that would be correct  
8 (indiscernible) the indemnification, the claim would come  
9 back to the Debtor, which is exactly why we're asking for  
10 relief. I believe so. Yes.

11 Q Okay. And the indemnification that you're claiming you  
12 reviewed earlier, we were looking at the Exhibit 15, you're  
13 aware that that set of documents, regardless of one --  
14 whether one calls it a contract, expired in 2018, correct?

15 A That's my understanding, that it expired in 2018.  
16 That's correct.

17 Q You haven't -- and you haven't submitted any other  
18 documents to provide evidence of a current indemnification  
19 agreement between Idaho Department of Corrections and  
20 Corizon that would cover Ms. Edmo's claim, correct?

21 A The document we submitted would be the only document  
22 that I would have submitted for evidence. I didn't see  
23 anything (indiscernible).

24 Q And that expired in 2018, correct?

25 A That's my understanding. Yes.

1 Q And Ms. Edmo received her fee judgment in the year  
2 2022, correct?

3 A That's my understanding. Yes. Mm-hmm.

4 Q And it's also correct that you haven't provided any  
5 evidentiary support for indemnification that is actually  
6 applicable to Ms. Edmo's specific fee judgment claim, the  
7 one we've been talking about, that's already liquidated.

8 A The basis of my testimony is that the indemnification  
9 that was within that Idaho contract that we discussed  
10 earlier would provide for a basis of the indemnification of  
11 that fee. That was the basis of my testimony.

12 Q And were you there when that contract was enacted?

13 A Was I there like physically present? Is that what you  
14 mean?

15 Q That's right, or on the phone or video or present  
16 during a meeting in which that contract was enacted?

17 A I was not, no. I've only been associated with the  
18 Debtor for two weeks.

19 Q Do you know if that contract extended beyond its  
20 expiration date of 2018?

21 A I do not know the answer to that.

22 Q So, you'd agree that you have no basis for contending  
23 that there's an indemnification clause that covers Ms.

24 Edmo's specific fee judgment in 2022 between Idaho

25 Department of Corrections and to (indiscernible) or Corizon.

1 You'd agree with that, right?

2 A I'd have to consult. I'd have to review. I would use  
3 the interim basis that we would be seeking to determine the  
4 answer to that. As it stands here today, I do not know the  
5 answer to your question.

6 Q So, the answer to my question is I'm correct, you do  
7 not have any evidence of any applicable indemnification  
8 agreement applicable to Ms. Edmo's specific claim. As we  
9 sit here today, you have no evidence of that, correct? Yes  
10 or no? Correct? Yes or no?

11 THE COURT: Ms. Rifkin, I think you've asked -- I  
12 think in your exuberance, you've asked like six questions in  
13 there. So, I don't -- I don't -- you know, I just want to  
14 make sure that -- make sure that he's answering one question  
15 so that we have a clean record.

16 MS. RIFKIN: Yes, Your Honor. Why don't I -- why  
17 don't I repeat just one question to make it -- to make the  
18 record clear?

19 BY MS. RIFKIN:

20 Q So, it's correct that as you sit here today, you have  
21 no evidence of an indemnification provision between the  
22 Idaho Department of Corrections and Corizon that applies to  
23 Ms. Edmo's specific fee judgment obtained in 2022, correct?  
24 Yes or no?

25 A The evidence I provided was the indemnification within

1 the agreement. That's the evidence that I provided to the  
2 basis of that indemnity.

3 Q And we've been over that that expired in 2018.

4 A The contract expired in 2018, correct. Whether the  
5 indemnification had a legal basis to extend to that fee  
6 judgment, I can't make that legal conclusion. I'm not a  
7 lawyer. We presented the evidence of the indemnification  
8 provision within the contract. That's the basis for which  
9 I'm seeking relief.

10 Q And just to clarify, you're not aware of any other  
11 evidence that would support indemnification of IDOC with  
12 respect to Ms. Edmo's specific claim, correct?

13 A Correct. As I sit here today, the evidence we  
14 presented is the evidence that I'm aware of that would  
15 provide for that indemnification. As I said today, in the  
16 time I've had, you know, I'm not aware of any other  
17 provision or agreement or evidence yet that we've put for.

18 MS. RIFKIN: Those are all of my questions. Thank  
19 you.

20 THE COURT: Thank you. Anyone else wish to ask  
21 questions of this witness? Oh, on -- just on cross. I  
22 think I've got one more here, a 248 number.

23 MS. FILIPOVIC: Good afternoon, Your Honor. Can  
24 you hear me?

25 THE COURT: Yes, just fine.

1 MS. FILIPOVIC: Thank you. If I may, I represent  
2 several of the claimants from Michigan, in particular Kerrie  
3 Milkiewicz, the estate of Kerrie Milkiewicz.

4 THE COURT: Okay. You may proceed, ma'am.

5 CROSS-EXAMINATION OF RUSSELL PERRY

6 BY MS. FILIPOVIC:

7 Q Mr. Perry -- thank you so much, Your Honor. Mr. Perry,  
8 I have a couple of questions for you as it relates to the  
9 claim, the estate of Kerrie Milkiewicz. Have you seen the  
10 proposed order that was filed in with this motion?

11 A I'm sorry. To which motion are you referring?

12 Q Your emergency motion for the extension and stay of  
13 proceedings.

14 A The proposed order, there's a red line that was up  
15 later that (indiscernible) just a bit before the Court. I  
16 reviewed it quickly. I can't say that I've memorized it,  
17 but I am familiar with the proposal that was uploaded. Yes.

18 Q Okay. And so, you are aware then that the Estate of  
19 Milkiewicz v. Genesee County, et al. is included on that  
20 proposed order and all the other versions of it prior to?

21 A Correct.

22 Q What documents have you looked at as it relates to that  
23 that particular case?

24 A So, for that case, again, I reviewed the agreement that  
25 we admitted into evidence a bit earlier, the indemnification

1 provision that we pointed to, and you know, in the midst of  
2 reviewing all the various complaints, both these and the  
3 hundreds of others, you know, I've generally scanned these.

4 Q I know. I'm just trying to (indiscernible) there any  
5 (indiscernible) you know, like (indiscernible).

6 THE COURT: Miss, I couldn't hear your question.  
7 I think you were breaking up, and I -- do you mind asking  
8 that question again?

9 MS. FILIPOVIC: Yes. Your Honor, just for the  
10 record, there is another woman on the line speaking right  
11 now that is not (indiscernible) asking questions.

12 THE COURT: Oh, that's it. Got it.

13 MS. FILIPOVIC: Somebody's not --

14 THE COURT: Got it. Okay. Every -- can you  
15 please place your phones on mute? I'm trying to avoid  
16 hitting five star again, so if someone -- Counsel, I  
17 apologize. Please proceed.

18 BY MS. FILIPOVIC:

19 Q So, Mr. Perry, is it fair to say then just based off of  
20 what you just testified to that you did at least review  
21 some, even if it's a quick glance through a complaint, on  
22 Kerrie Milkiewicz.

23 A Kerry Milkiewicz. You're referring -- you're referring  
24 to the Michigan agreement, correct, and the claim that would  
25 have been under the Michigan agreement?

1 Q Yes.

2 A That specific agreement and what we testified earlier  
3 was the indemnification related to the county if I recall,  
4 and the county was who was the defendant we're looking to  
5 extend the stay, so you just named somebody else as part of  
6 it, and I don't have familiarity with that name. I have  
7 familiarity with the fact that we extended -- they are  
8 seeking extension to the state or the county.

9 Q Right. But so, in the proposed order and what was  
10 included in this lawsuit for the estate of Kerrie Milkiewicz  
11 v. Genesee County, et al., case number 17-CV-13047, are you  
12 aware that that case was closed in 2019, that it was  
13 dismissed without prejudice?

14 A I can't say that I'm aware of that, no.

15 Q Okay. Are you aware that a new Kerrie Milkiewicz case  
16 was filed with brand new allegations, brand new parties in  
17 2020?

18 A I am not aware. Again -- no, I'm not aware of that.

19 Q So, sitting here today, do you know which complaint you  
20 even read?

21 A There was a complaint with the -- against the county  
22 that this identification would apply to. So, I've -- if I  
23 tell you I've memorized every complaint, I wouldn't be  
24 truthful. So, what I've tried to do is match up the various  
25 complaints with the various defendants and work through



1     them. I've read a lot -- I've read a lot of paper over the  
2     last, you know, few days, as you can imagine.

3     Q     Sure. But you testified earlier today that you  
4     included various cases or you're seeking the extension and  
5     application of a stay for various cases in which there may  
6     be an indemnification that can come through the Debtor.  
7     What was your determination that Ms. Milkiewicz's case would  
8     be one of those?

9     A     To the extent that the county was named as a defendant  
10    and there was an indemnification provision that provided the  
11    indemnity to the county, that was the basis.

12   Q     Sure. Is Corizon listed in this case?

13   A     I don't have the defendants memorized. So, my  
14   understanding is the reason why case would have been sought  
15   for application of the stay is that Debtor would have been  
16   either a named defendant or would have an identification to  
17   the named defendant.

18   Q     Sure. Now, if there were named defendants from  
19   Corizon, and let's say they were all dismissed and the only  
20   thing that had remained was Genesee County and its deputies,  
21   would your indemnification agreement apply to them?

22   A     You're asking if the indemnification agreement -- I'm  
23   sorry. (Indiscernible) --

24           THE COURT: Yeah. I'll agree with that.

25           MS. FILIPOVIC: Well, Your Honor, I'm just trying

1 to understand how they were trying to pick it or put these  
2 particular cases, because like I said, the case that we --  
3 that they have listed on this order, which quite frankly if  
4 you stay a case that's closed, is -- that would work for us  
5 anyway, but I want to make sure that I understand what was  
6 going into the thought process for putting some of these  
7 cases here.

8 So, I'm not necessarily referencing an exhibit. I  
9 just want to know based on what he decided or what he  
10 recommended to extend the stay, like, what was  
11 (indiscernible) and considered?

12 THE COURT: I think -- I think it's fair to ask  
13 the question just that way and see if he can answer it. I  
14 don't think we need to --

15 BY MS. FILIPOVIC:

16 A Okay. Answer the -- you want to ask it again?

17 Q Sure. So, Mr. Perry, what I'm trying to get at is if  
18 there was -- like, for example, if an order had been entered  
19 where all of the Corizon doctors, nurses, or people  
20 affiliated with Corizon had been dismissed and the only  
21 thing left was Genesee County and its deputies, would that  
22 indemnification agreement that you had looked at, would that  
23 be something then that you would have considered in asking  
24 still for the extension?

25 A I believe so, because the indemnification provides for

1 an indemnification of the county and its employees, which I  
2 believe would have covered the folks that you just named.

3 Q Okay. So, you're saying that the way that you chose  
4 this is if the indemnification -- if they had any kind of  
5 indemnification agreement, whether or not it would have  
6 actually given any liability to the Debtor, they were  
7 included in your motion?

8 A That's the basis of the interim relief. That's  
9 correct. If the -- if there was an indemnification  
10 provision, then I'm seeking release such that an  
11 identification claim could be liquidated against the Debtor.  
12 That is the basis of my testimony. That's correct.

13 Q How would you determine whether or not the actual  
14 claims can go against the Debtor?

15 A You're asking what would be the process --

16 Q Yes.

17 A -- to liquidate a claim?

18 Q No. I'm asking how would -- how are you determining  
19 whether or not all of these claims, every single one of them  
20 that are listed here, would even be subject to this such  
21 that a stay would be warranted? In other words, if, for  
22 example, Genesee County was dismissed from this case, then  
23 they wouldn't be on the hook and neither would you guys for  
24 Genesee County, correct?

25 A If Genesee County as an indemnified party was released

1 from the case, then that would be correct. There wouldn't  
2 be (indiscernible) relationship and it's my understanding.  
3 I'm not a practicing lawyer, but yeah, that's my  
4 understanding. Yes. Mm-hmm.

5 Q What is your understanding of how do you relieve  
6 somebody when they're not able to move forward with their  
7 claim?

8 A Well, the information that was provided, and the basis  
9 for electing these various (indiscernible) that we're  
10 seeking an indemnity is that there could be a liquidated  
11 indemnity claim presented to the Debtor at some point in  
12 time such as the indemnity applies.

13 Q And for all of those could be's, it's fair to say that  
14 there's claims that could also be dismissed, therefore  
15 they're being tied up in your stay unnecessarily when they  
16 could be release, correct?

17 A Well, that's the basis of the interim relief, because  
18 if we discover that there are no identity claims that exist,  
19 then we certainly wouldn't seek final stay application to  
20 those. So, that would be correct. What you said is  
21 correct. If we do determine if that's the case during this  
22 interim period, then that is absolutely correct. There  
23 would be no reason extend the stay.

24 Q Do you -- what is your understanding of what type of  
25 claims are indemnified?

1 A Well, the indemnification language is actually fairly  
2 broad in each of these agreements, negligence, some of them  
3 are gross negligence, harmful conduct, misconduct, you know,  
4 and like such that there would have been misconduct  
5 occurring by those individuals, you know, related to the  
6 (indiscernible) at the time. So, you know, the  
7 indemnification provision that (indiscernible) a number of  
8 different types of actions.

9 Q Is it your testimony that these indemnification -- even  
10 if it had nothing to do with the Debtor, your Debtor here,  
11 that they could apply to those claims?

12 THE COURT: You can answer.

13 BY MS. FILIPOVIC:

14 A Yeah, I'm sorry, you'll have to repeat your question.  
15 I didn't understand.

16 Q Sure. Is it your testimony today that there -- every  
17 single claim where an indemnification agreement exists is  
18 covered by the indemnification agreement?

19 A So, every claim in which an indemnification exists --  
20 so, then the basis for the interim relief is because I have  
21 to assume today that if there's an indemnification provision  
22 that exists, it does extend to that defendant that would  
23 have been named. That's the basis for the asking of my  
24 relief. It's also the basis for the interim nature of the  
25 relief. So, that is correct.

1 Q How would indemnity be appropriate on a case that is  
2 closed?

3 A I'd have to -- I would have to do more research on  
4 determining whether or not there's an indemnity that is  
5 actually valid for a case that was closed. That would be  
6 part of what I would be doing, working with counsel over the  
7 next few weeks to determine that.

8 Q Sure. How did you determine to include a case that was  
9 closed?

10 A I worked with the Debtor and the Debtor's  
11 representatives to identify a number of cases in which the  
12 indemnity may apply and stay relief for those cases.

13 Q And in doing so, you never once saw an order dismissing  
14 the 17-CV-13047 three years prior to you bringing a motion?

15 A I did not, no.

16 MS. FILIPOVIC: That's all I have, Your Honor.  
17 Thank you.

18 THE COURT: Thank you. Okay. Anyone else have  
19 any questions for this witness? And if you'd please hit  
20 five star to be recognized? Okay. Wait, I've got one more.  
21 Give me a second. There's a 615 number I've unmuted.

22 MR. JOHNSON: Yes, Your Honor. Michael Johnson  
23 for Mr. Human. Can you hear me?

24 THE COURT: Just fine. Thank you.

25 MR. JOHNSON: Okay, great.

1 CROSS-EXAMINATION OF RUSSELL PERRY

2 BY MR. JOHNSON:

3 Q Mr. Perry, my name is Michael Johnson. I'm one of the  
4 lawyers for James Hyman. Are you familiar with Mr. Hyman?

5 A I'm generally familiar within my review of the case  
6 that he presented and the objection filed.

7 Q Okay. So, you're aware that Mr. Hyman is the former  
8 CEO of Valitas Health?

9 A That's what I read, correct, what I understand.

10 Q Okay. Now, with respect to the claims in Mr. Hyman's  
11 case pending in the Middle District of Tennessee, I want to  
12 focus on the indemnified D&O's as you all have defined them,  
13 and it's -- and that would be Mr. -- or that would be  
14 Goldberger, Gefner, Lefkowitz, Tirschwell, and King. And if  
15 I understood your testimony correctly, there are -- there  
16 are two documents that you all are relying on to show in the  
17 indemnification that could be asserted against the Debtor  
18 with respect to those individuals, and those are the bylaws  
19 of Corizon and the agreement and plan of divisional merger;  
20 is that right?

21 A That's correct. Those are the two pieces of evidence  
22 that we (indiscernible), yes, Mm-hmm.

23 Q And so, I want to -- first on the -- on the bylaws of  
24 Corizon, you looked at those earlier and there were --  
25 there's a couple parts of that Paragraph 6.0 -- the bylaws

1     that I want to focus on. The first is that the bylaws say  
2     the indemnity is provided to the fullest extent permitted by  
3     the Texas Business Organization Code. Do you recall that  
4     part of the bylaws indemnity provision?

5     A     It sounds familiar. Mm-hmm. Yeah.

6     Q     And are you aware that the -- that Texas Business  
7     Organization Code Section 8.101 provides that a company may  
8     indemnify if they found that the director acted in good  
9     faith in a manner that they reasonably believed to be in the  
10    best interest of the company? Are you familiar with that  
11    statute?

12           THE COURT: Yeah, I'll sustain that objection.

13    BY MR. JOHNSON:

14    Q     So, you're not -- so, you testified that you believe  
15    that there's indemnity under Section 6.01 of the Corizon  
16    bylaws with respect to those indemnified D&Os, correct?

17    A     I testified to the existence of the indemnification,  
18    correct. That is correct. Yes.

19    Q     Do you have any opinion on whether any of those  
20    indemnified D&Os acted in good faith with respect to the  
21    allegations in Mr. Hyman's lawsuit?

22           THE COURT: What's the relevance of that? Wait,  
23    what's the relevance?

24           MR. JOHNSON: Your Honor, the bylaws incorporate  
25    the Texas Business Organizations Code as a limitation on the



1 indemnity right for directors and officers. Texas Business  
2 Organization Code 8.101 --

3 THE COURT: I'm sorry. You're making legal  
4 argument, right? You're making legal argument. Why are we  
5 asking this witness about --

6 MR. JOHNSON: I'm asking -- I'm asking -- I'm  
7 trying to get -- what I'm trying to get at is what the  
8 witness -- if the witness has an opinion or any knowledge  
9 about whether the D&Os acted in good faith or in the best  
10 interest of the company thus triggering the indemnity in Mr.  
11 Hyman (indiscernible) --

12 THE COURT: Why don't we just -- why don't we just  
13 ask him -- I guess, why don't we just ask him lay questions?  
14 If you're going to get to -- either we're going to have to  
15 put the code in front of him or folks are going to object.  
16 But if you want to ask just general questions like the one  
17 you did, I think that's perfectly fine. Go ahead and ask.

18 BY MR. JOHNSON:

19 Q Mr. Perry, do you have any knowledge about whether the  
20 defendants, the D&Os in Mr. Hyman's case, acted in good  
21 faith with respect to the allegations that are subject to  
22 that case?

23 A I do not. I do not.

24 Q And do you know -- do you have any knowledge about  
25 whether the D&Os that are defendants in Mr. Hyman's case,

1     what they believed or was in the best interest of the Debtor  
2     with respect to those allegations?

3             THE COURT: Sustained.

4             MR. JOHNSON: Well, Your Honor, I was asking what  
5     he knew. Do you have any knowledge about what they  
6     believed? I'm not asking him to speculate.

7     BY MR. JOHNSON:

8     Q     Have you -- let me ask it this way? Have you ever  
9     spoken to any of the D&O defendants in Mr. Hyman's case?

10    A     With respect to the (indiscernible); is that what  
11    you're asking?

12    Q     Correct, with respect to the allegations in Mr. Hyman's  
13    case.

14    A     I have not spoken to the D&Os about the merits of this  
15    case. No, I have not.

16    Q     Okay. So, you have no basis -- well, let me ask it  
17    this way. So, if -- to the extent Article 6.01 of the  
18    Corizon bylaws limits indemnification to the extent  
19    permitted by the Texas Business Organization Code, do you  
20    have any opinion on whether that indemnity is triggered with  
21    respect to the D&O defendants in Mr. Hyman's case?

22             THE COURT: You can -- I'll let him answer if he  
23    knows the answer.

24    BY MR. JOHNSON:

25    A     I do not know the answer. I'm sorry.

1 Q Okay. Now, are you aware that Mr. Hyman's complaint --  
2 in Mr. Hyman's complaint, the breach of fiduciary duty  
3 claims against the D&O defendants relate to their roles as  
4 directors of Valitas Health Services, Inc. and not the  
5 Debtor? Are you aware of that?

6 A I am aware that there are fiduciary duty claims that  
7 have been made. Which entities they apply to and which  
8 directors or officers we're sorting through, but I am fully  
9 aware that the claims have been made from a fiduciary duty  
10 standpoint, yes. I think you asked maybe a couple of  
11 questions. Yes.

12 Q Okay. Now, I want to look briefly at the  
13 indemnification provisions in the agreement and plan of  
14 divisional merger. Now, that -- the provision that you were  
15 focusing on earlier in your testimony was in 11A where it  
16 says (indiscernible) the Debtor has to indemnify and hold  
17 harmless Newco, which is CHS TX Inc.; is that right?

18 A Correct. Mm-hmm.

19 Q And it says hold harmless Newco and its affiliate,  
20 right? Do you know what -- and so affiliates is not defined  
21 in that agreement. Do you know what Newco's affiliates --  
22 what that's referring to in that agreement?

23 THE COURT: If he knows.

24 BY MR. JOHNSON:

25 A To the document at the time, Newco was referencing CHS

1 Texas. YesCare purchased CSH Texas, which would be the --  
2 that's how my understanding of the document is, that the  
3 affiliates would relate to YesCare and CHS Texas. That's my  
4 understanding. I think that's your question.

5 Q Okay. Yeah, that was -- that's all was looking for was  
6 your understanding. And at the time that this document was  
7 signed, (indiscernible) Gefner and Goldberger were not  
8 directors or officers of CHS TX, correct?

9 A There's a page in the division merger that provides the  
10 directors and officers of Newco and (indiscernible). I  
11 don't have it perfectly memorized, but I think what you just  
12 said is accurate. They were directors and officers of  
13 (indiscernible) not Newco. Yeah.

14 Q Right. Okay.

15 MR. JOHNSON: All right, Your Honor. That's all  
16 the questions I have for this witness. Thank you.

17 THE COURT: Okay, here's what we're going to do.  
18 I'm right where (indiscernible) I've listened to the  
19 evidence and I'm right where I kind of started when I --  
20 when I listened to all the motions, and that is today's not  
21 the day to -- today's -- there are -- there are parties who  
22 are not here. There are issues. There are documents that  
23 I'm not seeing and these are real serious issues. There are  
24 contracts here and agreements and lawsuits and damages and  
25 parties, and I'm not granting the Debtor's relief today.

1 I said it from the beginning, I was not going to  
2 take up the motion today. I think today was the day, and  
3 now I remain even more convinced. What today has shown is  
4 that we ought to take this really seriously, and there are  
5 real serious issues that need to be considered, multiple  
6 parties.

7 That's what I've heard. Multiple lawsuits, right,  
8 multiple parties within lawsuits, some judgments that may --  
9 final, some that remain contingent, some that are real  
10 serious allegations, some that, you know, may be subject to  
11 absolute indemnity obligations, some that may have -- that  
12 indemnity obligation may be done.

13 Just a host of range of issues all across the  
14 country, right? Fraudulent transfer litigation, arguments  
15 raised in briefings that some of this may not even be  
16 subject to property of the estate, some of it may be  
17 property of the estate.

18 Today -- and we're (indiscernible) you know, asked  
19 to grant relief on an emergency basis. I got that the  
20 Debtor has limited it to the -- to the 39 parties, so folks  
21 like Ms. Bailey's client and Mr. Shannon's client. You  
22 know, this is not to expand and go back. It's to really  
23 hammer down and Mr. Perry statements will be Mr. Perry's  
24 statements, and what he has said, he's said, and it's -- and  
25 it's evidence and it's in the record.

1           But there are legal arguments whether, you know,  
2   this should be proceeding under Federal Rule 7001 or this  
3   is, you know, essentially a temporary injunction, whether  
4   that's the legal proceeding.

5           You know, and I want parties to have -- I want an  
6   evidentiary hearing where everything is taken up in full. I  
7   don't -- we need to get this right. This is an estate here,  
8   and there are serious claims that are being asserted in some  
9   of these litigations, some that threatened the very  
10   existence of the Debtor, some that I suspect that the Debtor  
11   may look at and say, well, you know, on further review,  
12   maybe some don't apply, you know? The Debtor is looking at  
13   this and I -- from what I hear from Mr. Perry is they're  
14   doing a thorough review, but they may decide to go forward  
15   with every one of those claims. They may decide that some  
16   need to get stippled out.

17           I don't know, but today's not the day, but I will  
18   -- you know, what's important to me is that we preserve the  
19   right of parties to make a full objection to the relief  
20   requested.

21           What's also important, that, you know, to the  
22   extent that there are assets of the estate that they not get  
23   lost, you know, that assets of the estate are not lost in  
24   this process until we get to a final hearing.

25           And I've got to hear this, and I've got to take

1 each one of these lawsuits on their own -- on their own  
2 merits, not lumping anything together, and I think I would  
3 benefit with the insight of the creditors committee as well  
4 to look into this. So, you know, I'm right back where I  
5 think I started.

6 I can do this on my own. I can issue my own  
7 injunction under 105A and I don't need to use 7001. I'm  
8 preserving due process. I'm preserving due process rights  
9 of every affected party in this case, and that's what I'm  
10 going to do. And I'm also going to protect and preserve  
11 assets of the estate and protect potential erosion of the  
12 estate.

13 I don't want to get to the point where I issue a  
14 judgment on something and assets of the estate have been  
15 eroded. I'm asking the parties to continue to talk during  
16 this process. The Court has certainly has the power under  
17 Section 105 to issue an injunction and governed by the  
18 standards in non-bankruptcy context, right? And I believe  
19 that the Debtor based on what I've heard has satisfied that  
20 standard but not for -- not for the basis in its -- in its  
21 own motion. I just think we've got to get to where things  
22 are, and there's enough from what I'm hearing where I'm  
23 doing it on my own.

24 This is the Court taking up the relief requested  
25 in your motion on May 17th, and any objection from any

1 party, including parties who aren't here, including parties  
2 who maybe you want to file a supplement, maybe you don't,  
3 maybe there's some parties in here who need to be able to  
4 articulate their positions, and I'm not going to make  
5 somebody do it on seven days' notice. I'm just not going to  
6 do it.

7           So, parties are -- I'm going to give parties 'til  
8 April 3rd to file a response, and the Debtor will have until  
9 April 24th to file a response. And I'm going to come in on  
10 May 17th and we're going to have an evidentiary hearing, and  
11 the Debtor may -- Ms. Carson, Mr. Brookner, if -- you know,  
12 I'm going to temporarily on my own order stay those cases,  
13 but I'm going to give you the right, and I'm telling you,  
14 use it wisely, you know, unless I order otherwise, which  
15 means that if something comes up and you think one doesn't  
16 need to be on there, then stip it out and tell my case  
17 manager, and we'll remove them from the list.

18           But that's going to give Ms. Bailey's client, and  
19 I'm thinking of Mr. Shannon's client and other clients who -  
20 - whose parties -- whose claims are not -- were originally  
21 affected, now they're not, and they're going to have clarity  
22 as well, and we're going to -- we're going to take this up.

23           And if Mr. Stromberg wants to, you know, come in,  
24 he just got retained as well, and he's going to be able to  
25 make his arguments as well. We're going to -- we're going



1 to preserve the rights of all parties, and I've heard  
2 nothing today that tells me a short, 75-day window which may  
3 apply to some, may not apply to all, isn't going to affect  
4 the parties. And parties, somebody wants to come in and  
5 file something and say Your Honor, I want a hearing before  
6 then, file it and we'll take it up.

7 I'm not saying -- I'm not binding anyone to this  
8 forever. If somebody has a good argument, they feel like  
9 they want to go forward, I'm asking the Debtor to have a  
10 conversation with them, and if it can be resolved, it can be  
11 resolved. But not -- I'm going to preserve everyone's  
12 rights, but I'm not -- I'm going to make sure that if the  
13 Debtor has an argument as to why the stay should be  
14 extended, you know, I've got to think about the entire  
15 estate.

16 And I get it, there are some individuals from what  
17 I've heard who have some real issues, real claims, real  
18 strong stuff that was being described today. And so, I  
19 don't want anyone to think, especially parties to those  
20 litigations, that I'm not taking everything that they're  
21 saying seriously. What I'm doing today is preserving  
22 everything for them. I want a robust -- I want to take this  
23 seriously. I want to think about the law carefully, and for  
24 me to do my job, I've got to preserve where things are.

25 There are going to be other parties who are going

1 to come in and take a look at this, and I'll -- and I want  
2 them to have the opportunity to think about this. The  
3 Debtor may want to supplement, may need to supplement. I  
4 want things where they go. And I'm telling you, due process  
5 is going to be on the forefront of my mind. So, I don't  
6 want somebody stuck in, you know, two days before the  
7 hearing. I want to make sure everyone has a full, robust  
8 opportunity.

9 And I know counsel's here who's a member of the  
10 committee. I don't know who they're going to hire and if  
11 they're going to hire lawyers, but I would ask that they  
12 listen to what I did today, and I believe they'll have the  
13 opportunity to do so.

14 So, that's, that's my ruling. I'm doing it on my  
15 own under 105, and I certainly have the ability to do so.  
16 Everyone's arguments are preserved whether -- for example,  
17 whether this should be an adversary proceeding or not,  
18 whether -- you know, everything is preserved and Mr. Perry's  
19 statements are Mr. Perry's statements, and they'll carry,  
20 right? I'm not -- he's not going to get a do-over on  
21 anything that he said.

22 Folks, we are where we are, and I'm -- I've got to  
23 do the right thing, and that means preserving the rights of  
24 all parties, and I think a short 75-day extension where the  
25 Debtor can really think about this -- and if somebody wants

1 to file something, you certainly have the right to do so,  
2 and if somebody files it, I'll read it. I issued -- I held  
3 this hearing on short notice, but this case really just  
4 started, and I've got to think about the entire estate, and  
5 I want to make sure that I'm doing the right thing and that  
6 the estate is protected as well as the rights of all  
7 parties, including some who may need to go hire a lawyer and  
8 have their right to come in and question the witnesses.

9 So, I want a robust hearing on May 17th for those  
10 parties that are there. I'll issue a very short order. I'm  
11 doing it on my own, and I'm going to consider the relief  
12 requested in your motion, but I'm going to consider it as to  
13 those shortened parties there. And if somebody stips  
14 something out, I'm not saying they have to, what I'm saying  
15 is I'm going to give the flexibility so that is something  
16 gets stippled out before that, I signed the KCC order as well  
17 and I've signed the extension motion. I'm not saying no.  
18 I'm not saying yes. What I'm saying is I want to hear more.  
19 Parties will have the ability to supplement this. We've got  
20 to take our time and do this right, and I'm going to go back  
21 and I'm going to go back and read indemnity agreements when  
22 we're -- at the time. At the time, I'm going to go back and  
23 I'm going to study this, because I think I've got to do this  
24 on a case by case basis, which means that some may -- maybe  
25 they all stay, maybe some of them go. So, that's my ruling.

1 Just one quick question.

2 MS. HEARD: Your Honor, can I just ask --

3 THE COURT: Just one question in the courtroom and  
4 then I'm going to turn -- just one question then I'm going  
5 to turn to -- I'm going to start in the courtroom and then  
6 just work my way out.

7 MR. BROOKNER: I just wanted to clarify. You're  
8 only talking about -- your ruling is only with respect to  
9 the 39 that are on our list?

10 THE COURT: Sounds like that's what you're asking  
11 for, right?

12 MR. BROOKNER: Right. I don't want to be a hog  
13 and get slaughtered. I --

14 THE COURT: No, no, no, that's what I'm saying.

15 MR. BROOKNER: -- just want to make sure that it's  
16 clear.

17 THE COURT: I'm -- yeah, to those that are  
18 attached on Exhibit 1, and that's what I'm saying. That  
19 gives --

20 MR. BROOKNER: Right.

21 THE COURT: That gives the other parties, Mr.  
22 Shannon -- it gives them the clarity. They can go back to  
23 their state courts if they need to or their clients and say,  
24 you know, we're not -- unless otherwise, you're going to  
25 have to notice them out. There's going to have to be an

1 entirely new process to get someone who's not involved who's  
2 not on that list on that list.

3 MR. BROOKNER: I got it. I just wanted the  
4 clarity. Thank you, Your Honor.

5 THE COURT: Thank you. Ms. Heard?

6 MS. HEARD: Your Honor, yes, thank you. I -- the  
7 issue for us is the 75-day stay will harm my client, and we  
8 were going to try to present that to the Court. There's a  
9 deadline next week in our case and we're proceeding against  
10 a state -- an arm of the state. They can't (indiscernible)  
11 for bankruptcy anyway, so they shouldn't be able to get a  
12 stay through this process.

13 THE COURT: I've heard enough. I'm -- if you  
14 want, we can schedule a hearing shortly thereafter.  
15 (Indiscernible) we can schedule another hearing and we can  
16 talk about it, but that's my ruling for today. I'm doing it  
17 on my own. I'm not taking up their motion. I'm preserving  
18 everything, and I'm asking everyone to take a hard look to  
19 see what (indiscernible). I'm not taking this up on an  
20 emergency basis, but I am issuing under 105. I'm preserving  
21 everybody's rights, and if somebody wants to come in and ask  
22 for an emergency as to them, I can -- you know, I can  
23 consider things on a one-off basis if the merits require it.  
24 Everybody's rights are preserved. Mr. Patterson?

25 MR. PATTERSON: Your Honor, quick, and I know

1 everyone needs to get out of here, but for the record, on  
2 behalf of my clients, we don't believe that you can do  
3 anything differently than the Debtor can do. The rules  
4 apply to the Court as well as they apply to the parties, and  
5 I think that an injunction requires certain findings,  
6 certain procedural protections, and my clients are not  
7 waiving those.

8 THE COURT: Understood.

9 MR. PATTERSON: Just for the record.

10 THE COURT: Understood. Understood.

11 MR. PATTERSON: And I'm not -- I'm not challenging  
12 the Court for that.

13 THE COURT: No, I understand.

14 MR. PATTERSON: And I also think Stern plays a  
15 major role here, especially with someone like my clients  
16 that are citizens of New York. They've never come here.  
17 They're not creditors. Their defendants aren't creditors,  
18 right? So, we have no connection to this, and I don't think  
19 Stern allows this Court to take not only subject matter  
20 jurisdiction but personal jurisdiction and then order them -  
21 - because you're ordering them not to act, and I -- and I  
22 just believe the Court is overstepping its jurisdiction and  
23 overstepping its authority for the record.

24 THE COURT: Understood. Understood. I -- and I  
25 respect that. I do believe that the standards are met. I

1 do believe they're met for purposes of me today. I'm  
2 issuing my own order. I think there's a reasonable  
3 likelihood of success on the merits. I do think I'm  
4 concerned about irreparable injury if the relief is denied.  
5 I do believe I'm concerned about the non-moving party for  
6 harm. I do think it's in the public interest for me to get  
7 this right and not do this on seven days' noticing to give  
8 all parties an opportunity to come in and make their  
9 arguments and everybody's rights are preserved.

10 That's my ruling, and I'm -- I'm telling you, I'm  
11 asking everyone to continue to have conversations. I know  
12 Debtor's counsel will answer any calls. That's my ruling  
13 for today. Thank you.

14 CLERK: All rise.

15 (Proceedings adjourned at 5:06 p.m.)  
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I N D E X

RULINGS

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Motion to Extend Time to File Schedules,  
GRANTED  
Motion to Extend Stay, DENIED



C E R T I F I C A T I O N

I, Sonya Ledanski Hyde, certified that the foregoing transcript is a true and accurate record of the proceedings.

A handwritten signature in dark ink, reading "Sonya M. Ledanski Hyde". The signature is written in a cursive, flowing style.

Sonya Ledanski Hyde

Veritext Legal Solutions

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Date: March 13, 2023